

# **WEST BOUNTIFUL CITY, UTAH**

## **ANNUAL AUDITED FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED JUNE 30<sup>th</sup>, 2006**



Prepared by:  
West Bountiful City  
Administration Department

Brian K. Passey, MBA  
Finance Director

# WEST BOUNTIFUL CITY

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**FINANCIAL SECTION**



## Jensen & Keddington, P.C.

Certified Public Accountants

Jeffrey B. Jensen, CPA  
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Brent E. Christensen, CPA  
Jeffrey B. Hill, CPA

### INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and  
Members of City Council  
West Bountiful City  
West Bountiful, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Bountiful City as of and for the year ended June 30, 2006, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of West Bountiful City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Bountiful City as of June 30, 2006, and the respective changes in financial position, and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and the Major Special Revenue Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, as noted on the table of contents, is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated September 1, 2006 on our consideration of West Bountiful City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the West Bountiful City's basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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Salt Lake City, Utah 84123

AN INDEPENDENT MEMBER OF BDO SEIDMAN ALLIANCE

The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and in our opinion, are fairly stated in all material respects in relation to the financials statements taken as a whole. The impact fee schedules listed as supplemental information in the table of contents has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Tensen & Keddington*

September 1, 2006

**WEST BOUNTIFUL CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**For the Year Ended June 30, 2006**

West Bountiful City's management presents to the readers of its financial statements this narrative information. It contains an overview and analysis of the financial position and results of operations as of and for the twelve months ended June 30, 2006. As management of the City, we encourage readers to consider information contained in this discussion.

**FINANCIAL HIGHLIGHTS**

The assets of West Bountiful City exceeded its liabilities at the end of the current fiscal year by \$13,857,210 (net assets.) Of this amount, \$1,606,426 (unrestricted assets) is available to meet ongoing obligations to citizens and creditors. Net assets decreased by \$602,597.

The City's Governmental funds reported combined ending fund balance of \$9,641,974. Of the combined total fund balance, \$1,074,631 is available for spending at the discretion of the City (unreserved and undesignated fund balance).

The unreserved and undesignated fund balance of the General Fund at June 30, 2006, totaled \$716,216 and is 26% of the general fund total revenues for the year. Total debt for West Bountiful City decreased by \$271,995 or 6%, from \$4,743,782 to \$4,471,787 as of June 30, 2006.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis serves as an introduction to West Bountiful City's basic financial statement types or sections, as follows: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains information in addition to the basic financial statements that will help the reader gain a more in-depth understanding of the City.

***Government-wide financial statements*** give readers a broad overview of the entire City's financial position, and changes in financial position, similar to consolidated financial statements in a private sector business. These statements consist of the statement of net assets and the statement of activities.

The statement of net assets shows West Bountiful City's entire assets and liabilities with the difference shown as net assets. Increases or decreases over time in net assets gives an indicator as to whether the financial condition of West Bountiful City is improving or declining.

The statement of activities shows the changes to net assets that occurred during the most recent fiscal year. These changes are recorded on an accrual basis when the underlying event that causes the change occurs, regardless of when the cash transaction takes place.

Both of the government-wide financial statements distinguish between activities that are largely supported by taxes and intergovernmental revenues and those whose operations are entirely or largely financed by user charges and fees. The governmental activities for West Bountiful City include general government, streets, parks, and other departments. The business-type activities include water, solid waste, storm water, and golf course operations.

The government-wide financial statements include only the financial statements of West Bountiful City. The City's Redevelopment Agency constitutes a blended component unit, as it is, in substance, part of the government's operations.

The government-wide financial statements are found immediately following this discussion and analysis.

**WEST BOUNTIFUL CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended June 30, 2006**

***Fund financial statements*** are a set of closely related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. West Bountiful City, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the City's funds can be categorized into one of two categories: governmental funds and proprietary funds.

Governmental funds account for essentially the same activities as the governmental activities in the government-wide financial statements, but with a narrower focus. Governmental funds concentrate on near-term inflows and outflows of financial resources and the balances of spendable resources available to the government at the end of the fiscal year. This information can be useful in evaluating the government's potential cash flow needs.

Comparing similar information presented in the government-wide statements for the governmental activities with that presented in governmental funds statements can provide useful information because of the different focus of the two approaches. With the long-term focus of the government-wide statements, a reader may be able to better understand the long-term effects of the near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance show reconciliation between the governmental funds statements to the governmental activities in the government-wide statements to aid in the comparison.

West Bountiful City uses three different major governmental funds which are the General Fund, Redevelopment Fund and the Capital Improvements Fund. The information on these funds is shown separately. The City has four non-major governmental funds. These non-major funds are: Street Impact Fees, Storm Drain Impact Fees, Police Facility Impact Fees, and Park Impact Fees funds. The City adopts an annual appropriated budget for all its governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

Within the proprietary funds are the enterprise funds. The enterprise funds report the same functions as the business-type activities in the government-wide financial statements. The enterprise funds maintained by West Bountiful City are the Water, Solid Waste, Storm Drain and Golf Course Funds.

Proprietary funds present the same information as in the government-wide statements, but in more detail. The Water, Solid Waste, Storm Water and Golf Course funds are all considered to be major funds of West Bountiful City.

***Notes to the financial statements*** contain additional information important to a complete understanding of the information contained in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

**OTHER INFORMATION**

Other information is contained in this report immediately following the notes to the financial statements and required supplementary information as listed in the table of contents.

The developments listed below have provided additional revenue in the current fiscal year to West Bountiful City in the form of not only property tax but also additional impact fees for street, park, public safety and water utility funds.



**WEST BOUNTIFUL CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended June 30, 2006**

**Residential Development 2005~2006:**

Moss Farm Estates  
 Birnam Woods 3  
 Olsen Farms Estates 5 & 6  
 Sunset Fields Subdivision

Through its Redevelopment Project, West Bountiful City has successfully developed the *West Bountiful Commons Area*, which will hold a great economic future for the City, located between 500 West and I-15, and between 400 North and approximately 100 South.

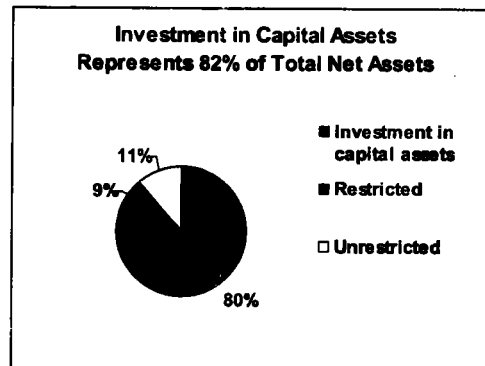
**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

This is the second year that West Bountiful City has produced government-wide financial statements. Data for the Fiscal Year 2006 related to the governmental activities is available for comparison purposes. Therefore, previous fiscal year information is presented for both governmental and business-type activities.

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Current and other assets:						
Current assets	\$ 2,717,107	\$ 2,156,731	\$ 1,020,781	\$ 455,071	\$ 3,737,888	\$ 2,611,802
Non-current assets:						
Capital assets	9,817,475	11,078,389	5,721,434	6,454,610	15,538,909	17,532,999
<b>Total assets</b>	<b>\$ 12,534,582</b>	<b>\$ 13,235,120</b>	<b>\$ 6,742,215</b>	<b>\$ 6,909,681</b>	<b>\$ 19,276,797</b>	<b>\$ 20,144,801</b>
Current and other liabilities	\$ 739,653	\$ 777,210	\$ 208,057	\$ 155,632	\$ 947,710	\$ 932,842
Long-term liabilities	2,152,955	2,285,048	2,318,922	2,458,734	4,471,877	4,743,782
<b>Total liabilities</b>	<b>\$ 2,892,608</b>	<b>\$ 3,062,258</b>	<b>\$ 2,526,979</b>	<b>\$ 2,614,366</b>	<b>\$ 5,419,587</b>	<b>\$ 5,676,624</b>
Net assets:						
Investment in capital assets, net of related debt	\$ 7,707,475	\$ 8,972,133	\$ 3,683,441	\$ 4,069,923	\$ 11,390,916	\$ 13,042,056
Restricted	859,868	476,067	-	-	859,868	476,067
Unrestricted	1,074,631	724,662	531,795	217,022	1,606,426	941,684
<b>Total net assets</b>	<b>\$ 9,641,974</b>	<b>\$ 10,172,862</b>	<b>\$ 4,215,236</b>	<b>\$ 4,286,945</b>	<b>\$ 13,857,210</b>	<b>\$ 14,459,807</b>

By far the largest component of West Bountiful City's net assets is its investment in capital assets. Capital assets represent 82% of the total net assets, which include land and improvements, buildings, machinery and equipment, roads, and streetlights, less any related outstanding debt that was used to acquire these assets. West Bountiful City uses these capital assets to provide services to citizens who live, work, and pass through, or benefit in other ways from the City. By their nature, these assets are not available for future spending. Further, even though these capital assets are reported net of any related debt, resources needed to repay the debt must come from other sources, as the assets themselves cannot be used to satisfy the related obligations.

An additional part of net assets (6%) are assets that are subject to external restrictions on how they may



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**WEST BOUNTIFUL CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended June 30, 2006**

be expended. The remaining 12% of net assets can be used to meet the City's ongoing obligations to its creditors and to citizens.

**West Bountiful City's Changes in Net Assets**

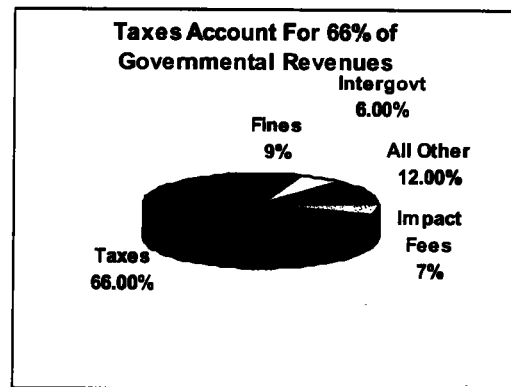
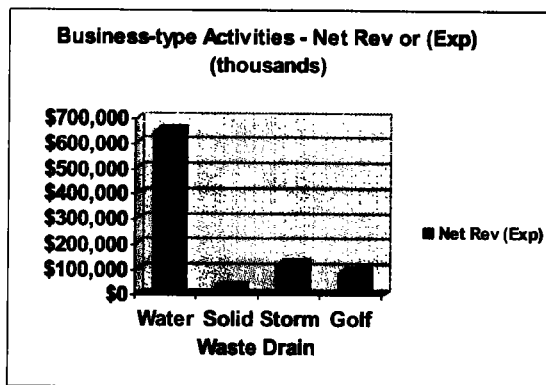
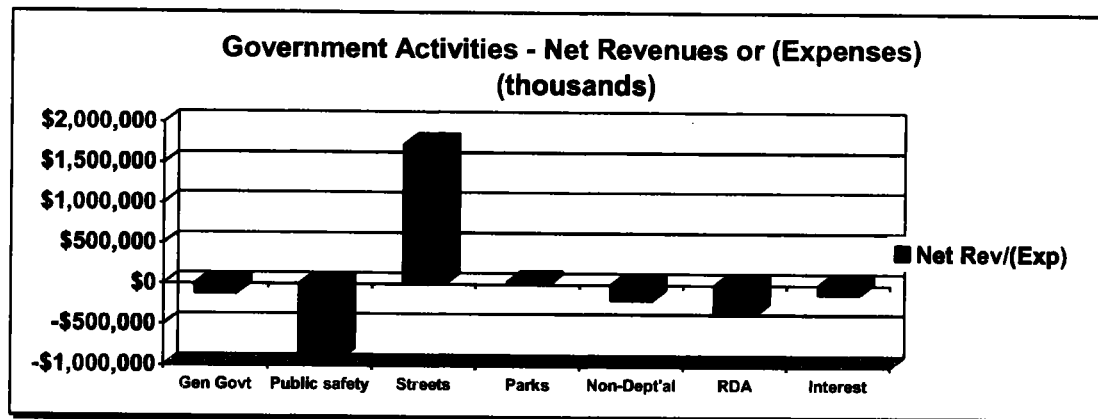
	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 853,458	\$ 714,370	\$ 1,636,158	\$ 1,492,030	\$ 2,489,616	\$ 2,206,400
Operating grants and contributions	63,705	51,525	-	-	63,705	51,525
Capital grants and contributions	1,830,006	1,243,619	606,189	547,219	2,436,195	1,790,838
<b>General revenues:</b>						
Property taxes	699,233	710,126	-	-	699,233	710,126
Other taxes	1,524,524	1,098,532	-	-	1,524,524	1,098,532
Other	160,405	38,277	39,085	17,811	199,490	56,088
<b>Total revenues</b>	<b>5,131,331</b>	<b>3,856,449</b>	<b>2,281,432</b>	<b>2,057,060</b>	<b>7,412,763</b>	<b>5,913,509</b>
<b>Expenses:</b>						
General government	769,490	786,855	-	-	769,490	786,855
Public safety	944,118	969,351	-	-	944,118	969,351
Highways and public improvements	255,855	547,089	-	-	255,855	547,089
Parks, recreation and public property	42,721	66,534	-	-	42,721	66,534
Court	187,210	197,051	-	-	187,210	197,051
Redevelopment	355,393	375,098	-	-	355,393	375,098
Interest on long-term debt	112,534	111,710	-	-	112,534	111,710
Water	-	-	330,199	370,334	330,199	370,334
Solid Waste	-	-	261,500	267,915	261,500	267,915
Storm Drain	-	-	42,513	67,152	42,513	67,152
Golf course	-	-	725,748	704,048	725,748	704,048
<b>Total expenses</b>	<b>2,667,321</b>	<b>3,053,688</b>	<b>1,359,960</b>	<b>1,409,449</b>	<b>4,027,281</b>	<b>4,463,137</b>
<b>Increase in net assets before transfers and special items</b>	<b>2,464,010</b>	<b>802,761</b>	<b>921,472</b>	<b>647,611</b>	<b>3,385,482</b>	<b>1,450,372</b>
<b>Transfers</b>	<b>-</b>	<b>79,801</b>	<b>-</b>	<b>(79,801)</b>	<b>-</b>	<b>-</b>
<b>Special item (capital assets)</b>	<b>(2,994,898)</b>	<b>-</b>	<b>(1,023,181)</b>	<b>-</b>	<b>(4,018,079)</b>	<b>-</b>
<b>Increase (decrease) in net assets</b>	<b>(530,888)</b>	<b>882,562</b>	<b>(101,709)</b>	<b>567,810</b>	<b>(632,597)</b>	<b>1,450,372</b>
<b>Net assets July 1,</b>	<b>10,172,862</b>	<b>9,290,300</b>	<b>4,286,945</b>	<b>3,719,135</b>	<b>14,459,807</b>	<b>13,009,435</b>
<b>Prior period adjustment</b>	<b>-</b>	<b>-</b>	<b>30,000</b>	<b>-</b>	<b>30,000</b>	<b>-</b>
<b>Net assets June 30,</b>	<b>\$ 9,641,974</b>	<b>\$ 10,172,862</b>	<b>\$ 4,215,236</b>	<b>\$ 4,286,945</b>	<b>\$ 13,857,210</b>	<b>\$ 14,459,807</b>

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**WEST BOUNTIFUL CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended June 30, 2006**

**GOVERNMENTAL AND BUSINESS-TYPE ACTIVITIES**

Governmental Activities net assets decreased by \$530,888 for the year ended June 30, 2006. Governmental activities contributed to 88 percent of the decrease in total City net assets during the year. The major reason for the decrease is accounted for by a change to the City's fixed asset policies and threshold amounts.



Business-type activities contributed an amount of \$71,709 or 12% of the total decrease to net assets. The most significant reason for this decrease in business-type activities is also accounted for by a change in the City's fixed asset policies and threshold amounts.

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**WEST BOUNTIFUL CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended June 30, 2006**

**FINANCIAL ANALYSIS OF WEST BOUNTIFUL CITY'S FUNDS**

West Bountiful City's governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. The total fund balance is a measure of total available resources. The unreserved portion of this total fund balance is a measure of the available spendable resources at June 30, 2006.

For the period ended June 30, 2006, the City's governmental funds reported combined net assets in the amount of \$9,641,974 with an decrease of \$530,888, compared with the prior fiscal year. Of the total balance at year-end, \$1,606,426 is unreserved and undesignated. There is also an amount of \$163,313 designated in reserve funds for debt service. The remaining \$696,555 of combined net assets is reserved for Class C road purposes and future development of the city.

The General Fund is the main operating fund for West Bountiful City. At June 30, 2006, the general fund's unreserved fund balance was \$516,216, while total fund balance equaled \$811,619. Total fund balance of the General Fund for West Bountiful City decreased by \$355,530. A useful measure of liquidity is to compare the unreserved fund balance and the total fund balance to expenditures (including operating transfers out) for the year. Unreserved fund balance for governmental funds was 20% of total expenditures and transfers out while total fund balance equaled 32% of current expenditures.

The Capital Projects Fund has a total fund balance of \$611,180 at June 30, 2006, all of which is either reserved for special projects and programs or designated for other programs. The net decrease in fund balance for the year amounted to \$41,109 due to City Hall construction carryover costs.

The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net assets of the City's proprietary funds totaled \$531,795. Discussions about the finances of this fund are addressed in the City's business-type activities.

**GOVERNMENTAL FUNDS BUDGETARY HIGHLIGHTS**

The City's General Fund budget decreased by \$68,175. The adjustment is related to decreases administrative and non-departmental expenses. The Redevelopment Fund budget decreased as a result of perceived lower developer payments.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

West Bountiful City's investment in capital assets for its governmental and business type activities combined totaled \$15,538,909 (net of \$3,009,758 accumulated depreciation) at June 30, 2006. Types of assets included in this category are land and water rights, buildings and related improvements, vehicles, machinery and equipment, roads (including curb and gutter), street lights, traffic signals, water and waste water distribution and collection systems, and construction in progress. The City's investment in net capital assets equals nearly 81% of total assets. Governmental activities net capital assets to governmental activities assets equaled 83% while business-type activities percentage was 93%.

**WEST BOUNTIFUL CITY**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended June 30, 2006**

Major capital asset activities that occurred during the past fiscal year include:

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Land and water rights	\$ 5,101,489	\$ 5,052,700	\$ 1,743,497	\$ 1,743,497	\$ 6,844,986	\$ 6,796,197
Buildings	2,193,144	1,861,870	298,932	301,234	2,492,076	2,163,104
Improvements, other than buildings	2,514,465	7,762,007	5,263,589	6,221,426	7,778,054	13,983,433
Vehicles	282,618	372,839	145,015	150,514	427,633	523,353
Machinery and equipment	441,418	423,874	564,500	632,857	1,005,918	1,056,731
Construction in progress	-	109,810	-	-	-	109,810
Accumulated depreciation	(715,659)	(4,504,711)	(2,294,099)	(2,594,918)	(3,009,758)	(7,099,629)
Net Book Value	\$ 9,817,475	\$ 11,078,389	\$ 5,721,434	\$ 6,454,610	\$ 15,538,909	\$ 17,532,999

At June 30, 2006, West Bountiful City's total debt amounted to \$4,463,273 of which \$2,310,318 was incurred by the City's business-type activities and the remaining \$2,152,955 was incurred by the City's governmental units. The majority of the City's debt is known as revenue bonds and is secured by specific enterprise fund revenue sources (i.e. water utility revenues). General Obligation (G.O.) bonds are a low-interest financing option, which underwrites the City-owned Lakeside Golf Course.

Additional information on West Bountiful City's capital assets and debt can be found in Note 5 and Note 6, respectively, in the notes to the City's basic financial statements.

	Governmental Activities		Business-type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenue bonds	\$ 2,110,000	\$ 2,160,000	\$ -	\$ -	\$ 2,110,000	\$ 2,160,000
General obligation bonds	-	-	2,246,011	2,613,011	2,246,011	2,613,011
Totals	\$ 2,110,000	\$ 2,160,000	\$ 2,246,011	\$ 2,613,011	\$ 4,356,011	\$ 4,773,011

**ECONOMIC FACTORS AND NEXT YEARS BUDGETS AND RATES**

As of June 2006, the state unemployment rate was 3.1%, down from 5.1% the previous year. This is consistent with the nationwide decrease in unemployment rates as the economy continues to recover. Currently, West Bountiful City is experiencing a similar economic pickup consistent with the rest of the nation. The City has new subdivisions that are bringing more property taxes into the City now as the land was previously farm property subject to the greenbelt provisions. The rates and fees for most services remained constant for fiscal year 2006.

**REQUEST FOR INFORMATION**

This financial report is designed to give its readers a general overview of West Bountiful City's finances. Questions regarding any information contained in this report or requests for additional financial information should be addressed to West Bountiful City, 550 North 800 West, West Bountiful City, Utah 84087.



**BASIC FINANCIAL STATEMENTS**

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**WEST BOUNTIFUL CITY**  
**STATEMENT OF NET ASSETS**  
**June 30, 2006**

	Governmental Activities	Business-type Activities	Total
<b>Assets:</b>			
Cash and cash equivalents	\$ 490,529	\$ 1,228,117	\$ 1,718,646
Receivables:			
Taxes	605,000	-	605,000
Accounts, net	38,731	89,743	128,474
Inventories	-	68,849	68,849
Internal balances	662,358	(662,358)	-
Prepays	9,133	55,541	64,674
Restricted assets:			
Cash and cash equivalents and investments	859,868	-	859,868
Capital assets, net:			
Land and easements	5,101,489	1,743,497	6,844,986
Buildings	2,122,317	205,712	2,328,029
Water system	-	1,474,507	1,474,507
Storm drain collection system	-	816,696	816,696
Improvements other than buildings	2,209,099	-	2,209,099
Golf course	-	1,278,754	1,278,754
Machinery and equipment	159,621	158,166	317,787
Vehicles	224,949	44,102	269,051
Deferred charges	51,488	240,889	292,377
<b>Total Assets</b>	<b>\$ 12,534,582</b>	<b>\$ 6,742,215</b>	<b>\$ 19,276,797</b>
<b>Liabilities:</b>			
Accounts payable	\$ 131,906	\$ 92,455	\$ 224,361
Accrued liabilities	65,698	8,149	73,847
Accrued interest payable	17,880	17,236	35,116
Unearned revenue	380,000	36,887	416,887
Developer and customer deposits	144,169	53,330	197,499
Noncurrent liabilities:			
Due within one year	55,000	382,604	437,604
Due in more than one year	2,097,955	1,936,318	4,034,273
<b>Total Liabilities</b>	<b>2,892,608</b>	<b>2,526,979</b>	<b>5,419,587</b>
<b>Net Assets:</b>			
Invested in capital assets, net of related debt	7,707,475	3,683,441	11,390,916
Restricted for:			
Debt service	163,313	-	163,313
Future development	696,555	-	696,555
Unrestricted	1,074,631	531,795	1,606,426
<b>Total Net Assets</b>	<b>9,641,974</b>	<b>4,215,236</b>	<b>13,857,210</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 12,534,582</b>	<b>\$ 6,742,215</b>	<b>\$ 19,276,797</b>

The notes to the financial statements are an integral part of this statement.

**WEST BOUNTIFUL CITY**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2006**

Functions/Programs	Programs Revenue			Net (Expense), Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities
<b>Government Activities:</b>						
General government	\$ 769,490	\$ 593,866	\$ 56,663	\$ -	\$ (118,961)	\$ -
Public safety	944,118	22,662	7,042	-	(914,414)	-
Highways and streets	255,855	159,846	-	1,830,006	1,733,997	-
Parks	42,721	77,084	-	-	34,363	-
Non-departmental	187,210	-	-	-	(187,210)	-
Redevelopment	355,393	-	-	-	(355,393)	-
Interest on long-term debt	112,534	-	-	-	(112,534)	-
<b>Total Governmental Activities</b>	<b>2,667,321</b>	<b>853,458</b>	<b>63,705</b>	<b>1,830,006</b>	<b>79,848</b>	<b>-</b>
<b>Business-type Activities:</b>						
Water	330,199	480,835	-	494,098	-	644,734
Solid Waste	261,500	291,047	-	-	-	29,547
Storm Drain	42,513	49,146	-	112,091	-	118,724
Golf Course	725,748	815,130	-	-	-	89,382
<b>Total Business-type Activities</b>	<b>1,359,960</b>	<b>1,636,158</b>	<b>-</b>	<b>606,189</b>	<b>-</b>	<b>882,387</b>
<b>Total Government</b>	<b>\$ 4,027,281</b>	<b>\$ 2,489,616</b>	<b>\$ 63,705</b>	<b>\$ 2,436,195</b>	<b>\$ 79,848</b>	<b>\$ 882,387</b>
<b>General Revenues:</b>						
Property taxes					\$ 699,233	\$ -
Sales taxes					1,017,760	-
Franchise taxes					506,764	-
Unrestricted investment earnings					38,196	39,085
Other					122,209	-
Special item (capital assets)					(2,994,898)	(1,023,181)
<b>Total General Revenues</b>					<b>(610,736)</b>	<b>(984,096)</b>
<b>Changes in Net Assets</b>						
					(530,888)	(101,709)
<b>Net Assets, Beginning</b>					<b>10,172,862</b>	<b>4,286,945</b>
<b>Prior Period Adjustments</b>					<b>-</b>	<b>30,000</b>
<b>Net Assets, Ending</b>					<b>\$ 9,641,974</b>	<b>\$ 4,215,236</b>
						<b>\$ 13,857,210</b>

The notes to the financial statements are an integral part of this statement.

**WEST BOUNTIFUL CITY**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**June 30, 2006**

	<u>General</u>	<u>Capital Projects</u>	<u>Redevelopment Agency</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>					
Cash and cash equivalents	\$ 57,619	\$ 396,438	\$ 36,472	\$ -	\$ 490,529
Receivables:					
Taxes	595,000	10,000	-	-	605,000
Accounts - net	38,731	-	-	-	38,731
Due from other funds	474,318	188,040	-	-	662,358
Prepays	9,133	-	-	-	9,133
Restricted assets:					
Cash and investments	295,403	16,702	-	547,763	859,868
<b>Total Assets</b>	<u>\$ 1,470,204</u>	<u>\$ 611,180</u>	<u>\$ 36,472</u>	<u>\$ 547,763</u>	<u>\$ 2,665,619</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 69,724	\$ -	\$ 62,182	\$ -	\$ 131,906
Accrued liabilities	64,692	-	1,006	-	65,698
Developer and customer deposits	144,169	-	-	-	144,169
Unearned revenues	380,000	-	-	-	380,000
<b>Total Liabilities</b>	<u>658,585</u>	<u>-</u>	<u>63,188</u>	<u>-</u>	<u>721,773</u>
<b>Fund Balances:</b>					
Reserved for:					
Class "C" roads	132,090	-	-	-	132,090
Debt service	163,313	-	-	-	163,313
Construction	-	16,702	-	-	16,702
Unreserved, reported in:					
General fund	516,216	-	-	-	516,216
Capital projects	-	594,478	-	-	594,478
Redevelopment agency	-	-	(26,716)	-	(26,716)
Special revenue funds	-	-	-	547,763	547,763
<b>Total Fund Balances</b>	<u>811,619</u>	<u>611,180</u>	<u>(26,716)</u>	<u>547,763</u>	<u>1,943,846</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 1,470,204</u>	<u>\$ 611,180</u>	<u>\$ 36,472</u>	<u>\$ 547,763</u>	<u>\$ 2,665,619</u>

The notes to the financial statements are an integral part of this statement.

**WEST BOUNTIFUL CITY**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF NET ASSETS**  
**June 30, 2006**

Amounts reported for governmental activities in the Statement of Net Assets are different because:

<b>Total fund balance - governmental funds</b>	\$ 1,943,846
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	9,817,475
Accrued interest expense is not due and payable in the current period and, therefore, is not recorded in the funds.	(17,880)
Long-term liabilities are not due and payable in the current period and, therefore, are not recorded in the funds.	(2,101,467)
<b>Total net assets - governmental activities</b>	<u><u>\$ 9,641,974</u></u>

The notes to the financial statements are an integral part of this statement.

**WEST BOUNTIFUL CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2006**

	General	Capital Projects	Redevelopment Agency	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Taxes	\$ 1,896,871	\$ 63,013	\$ 278,131	\$ -	\$ 2,238,015
Licenses and permits	284,034	-	-	-	284,034
Intergovernmental	212,912	-	-	-	212,912
Charges for services	13,744	-	-	-	13,744
Fines and forfeitures	296,523	-	-	-	296,523
Interest on investments	24,766	16,468	3,138	17,710	62,082
Impact fees	-	-	-	241,567	241,567
Miscellaneous	45,818	-	-	-	45,818
<b>Total Revenues</b>	<b>2,774,668</b>	<b>79,481</b>	<b>281,269</b>	<b>259,277</b>	<b>3,394,695</b>
<b>Expenditures:</b>					
Current:					
General government	646,509	34,982	-	-	681,491
Public safety	909,106	-	-	-	909,106
Highways and streets	197,321	-	-	-	197,321
Parks	35,756	-	-	-	35,756
Non-departmental	187,210	-	-	-	187,210
Redevelopment	-	-	355,393	-	355,393
Debt service:					
Principal	50,000	-	-	-	50,000
Interest	110,278	-	-	-	110,278
Capital outlay					
General government	56,391	165,464	-	-	221,855
Public safety	106,975	-	-	-	106,975
Highways and streets	11,200	-	-	-	11,200
Parks	37,500	-	-	-	37,500
<b>Total Expenditures</b>	<b>2,348,246</b>	<b>200,446</b>	<b>355,393</b>	<b>-</b>	<b>2,904,085</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>426,422</b>	<b>(120,965)</b>	<b>(74,124)</b>	<b>259,277</b>	<b>490,610</b>
<b>Other Financing Sources (Uses):</b>					
Transfer in	120,144	200,000	46,872	-	367,016
Transfer out	(246,872)	(120,144)	-	-	(367,016)
Contributions	55,836	-	-	-	55,836
<b>Total Other Financing Sources (Uses)</b>	<b>(70,892)</b>	<b>79,856</b>	<b>46,872</b>	<b>-</b>	<b>55,836</b>
<b>Net Change in Fund Balances</b>	<b>355,530</b>	<b>(41,109)</b>	<b>(27,252)</b>	<b>259,277</b>	<b>546,446</b>
<b>Fund Balances, Beginning</b>	<b>456,089</b>	<b>652,289</b>	<b>536</b>	<b>288,486</b>	<b>1,397,400</b>
<b>Fund Balances, Ending</b>	<b>\$ 811,619</b>	<b>\$ 611,180</b>	<b>\$ (26,716)</b>	<b>\$ 547,763</b>	<b>\$ 1,943,846</b>

The notes to the financial statements are an integral part of this statement.

**WEST BOUNTIFUL CITY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For The Year Ended June 30, 2006**

Amounts reported for governmental activities in the Statement of Activities are different because:

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 546,446</b>
Governmental funds have reported capital outlays, past and present, as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	(188,511)
Governmental funds report current capital outlays as expenditures. However, these expenditures are reported as capital assets in the Statement of Net Assets.	377,530
Repayment of bond principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.	50,000
In the Statement of Activities, amortization of premiums and costs of issuing of debt is recorded.	(2,255)
The net effect of the special item involving capital asset capitalization policy change.	(2,994,898)
The long term portion of accrued leave does not require the use of current financial resources and, therefore, is not recorded as an expenditure in the governmental funds.	135,837
The City receives assets that are contributed by outside entities and are included in the Statement of Activities, however, they do not require the use of financial resources and, therefore, are not reported as expenditures in the governmental funds.	1,544,963
<b>Change in net assets of governmental activities</b>	<b>\$ (530,888)</b>

The notes to the financial statements are an integral part of this statement.



**WEST BOUNTIFUL CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – GENERAL FUND**  
**For The Year Ended June 30, 2006**

	Budgeted Amounts		Actual Amounts	Variance with final budget
	Original	Final		
<b>Revenues:</b>				
Taxes	\$ 1,752,000	\$ 1,769,525	\$ 1,896,871	\$ 127,346
Licenses and permits	153,400	226,200	284,034	57,834
Intergovernmental revenues	193,000	185,000	212,912	27,912
Charges for services	6,260	13,615	13,744	129
Fines and forfeitures	310,200	300,200	296,523	(3,677)
Interest on investments	15,000	23,000	24,766	1,766
Miscellaneous	8,000	11,500	45,818	34,318
<b>Total Revenues</b>	<b>2,437,860</b>	<b>2,529,040</b>	<b>2,774,668</b>	<b>245,628</b>
<b>Expenditures:</b>				
Current:				
General government:				
Legislative	45,030	44,030	42,581	1,449
Court	216,995	210,045	194,884	15,161
Administrative	305,150	309,150	353,228	(44,078)
Engineering	35,385	30,560	39,417	(8,857)
Government buildings	32,750	38,750	41,576	(2,826)
Planning and zoning	41,975	41,375	31,214	10,161
Public safety:				
Police	653,915	647,915	661,384	(13,469)
Fire	238,000	248,000	247,722	278
Highways and streets				
Streets	163,270	165,270	168,051	(2,781)
Class "C" roads	131,690	70,690	40,470	30,220
Parks	79,750	81,950	73,256	8,694
Non-departmental	219,600	204,600	187,210	17,390
Debt service				
Principal	50,000	50,000	50,000	-
Interest	108,000	108,000	110,278	(2,278)
Capital outlay				
Public safety	111,000	114,000	106,975	7,025
<b>Total Expenditures</b>	<b>2,432,510</b>	<b>2,364,335</b>	<b>2,348,246</b>	<b>16,089</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>5,350</b>	<b>164,705</b>	<b>426,422</b>	<b>261,717</b>
<b>Other Financing Sources (Uses):</b>				
Transfer in	138,150	258,295	120,144	(138,151)
Transfer out	(192,000)	(383,500)	(246,872)	136,628
Contributions	21,500	21,500	55,836	34,336
Sale of capital assets	30,000	34,000	-	(34,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(2,350)</b>	<b>(69,705)</b>	<b>(70,892)</b>	<b>(1,187)</b>
<b>Net Change in Fund Balance</b>	<b>\$ 3,000</b>	<b>\$ 95,000</b>	<b>355,530</b>	<b>\$ 260,530</b>
<b>Fund Balance, Beginning</b>			<b>456,089</b>	
<b>Fund Balance, Ending</b>			<b>\$ 811,619</b>	

The notes to the financial statements are an integral part of this statement.

**WEST BOUNTIFUL CITY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – REDEVELOPMENT AGENCY**  
**SPECIAL REVENUE FUND**  
**For The Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 275,000	\$ 280,000	\$ 278,131	\$ (1,869)
Interest on investments	1,000	2,500	3,138	638
<b>Total Revenues</b>	<u>276,000</u>	<u>282,500</u>	<u>281,269</u>	<u>(1,231)</u>
<b>Expenditures:</b>				
Current:				
Redevelopment	95,000	81,500	76,372	5,128
Payments to developers	208,000	218,000	279,021	(61,021)
<b>Total Expenditures</b>	<u>303,000</u>	<u>299,500</u>	<u>355,393</u>	<u>(55,893)</u>
<b>Excess (Deficiency) of Revenues     Over (Under) Expenditures</b>	<u>(27,000)</u>	<u>(17,000)</u>	<u>(74,124)</u>	<u>(57,124)</u>
<b>Other Financing Sources:</b>				
Transfer in	47,000	47,000	46,872	(128.00)
<b>Total Other Financing Sources         (Uses)</b>	<u>47,000</u>	<u>47,000</u>	<u>46,872</u>	<u>(128)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 20,000</u>	<u>\$ 30,000</u>	<u>(27,252)</u>	<u>\$ (57,252)</u>
<b>Fund Balance, Beginning</b>			<u>536</u>	
<b>Fund Balance, Ending</b>			<u>\$ (26,716)</u>	

The notes to the financial statements are an integral part of this statement.

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**WEST BOUNTIFUL CITY**  
**STATEMENT OF NET ASSETS – PROPRIETARY FUNDS**  
**June 30, 2006**

	Business-type Activities - Enterprise Funds					Total
	Water	Solid Waste	Storm Drain	Golf Course		
Assets:						
Current Assets:						
Cash and cash equivalents	\$ 1,004,748	\$ 87,412	\$ 135,757	\$ 200	\$	1,228,117
Accounts receivable, net	52,538	32,217	4,988	-		89,743
Inventories	68,849	-	-	-		68,849
Prepaid expenses	52,876	-	-	2,665		55,541
Total Current Assets	1,179,011	119,629	140,745	2,865		1,442,250
Noncurrent Assets:						
Capital assets, net:						
Land and easements	74,370	-	158,741	1,510,386		1,743,497
Buildings	-	-	-	205,712		205,712
Water system	1,474,507	-	-	-		1,474,507
Storm drain collection system	-	-	816,696	-		816,696
Improvements other than buildings	-	-	-	1,278,754		1,278,754
Machinery and equipment	13,892	53,890	-	90,384		158,166
Vehicles	44,102	-	-	-		44,102
Deferred charges	15,283	-	-	225,606		240,889
Total Noncurrent Assets	1,622,154	53,890	975,437	3,310,842		5,962,323
Total Assets	\$ 2,801,165	\$ 173,519	\$ 1,116,182	\$ 3,313,707	\$	7,404,573

The notes to the financial statements are an integral part of this statement.

**WEST BOUNTIFUL CITY**  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS (Continued)**  
**June 30, 2006**

	Business-type Activities - Enterprise Funds					Total
	Water	Solid Waste	Storm Drain	Golf Course		
<b>Liabilities:</b>						
<b>Current Liabilities:</b>						
Accounts payable	\$ 1,446	\$ 34,868	\$ 3,841	\$ 52,300	\$	92,455
Accrued liabilities	1,177	-	-	6,972		8,149
Accrued interest	-	-	-	17,236		17,236
Unearned revenue	-	-	-	36,887		36,887
Due to other funds	-	-	-	662,358		662,358
Compensated absences	646	-	-	7,958		8,604
Bonds payable - current	88,000	-	-	286,000		374,000
<b>Total Current Liabilities</b>	<b>91,269</b>	<b>34,868</b>	<b>3,841</b>	<b>1,069,711</b>		<b>1,199,689</b>
<b>Noncurrent Liabilities:</b>						
Compensated absences	2,882	-	-	28,554		31,436
Developer and customer deposits	53,330	-	-	-		53,330
Bonds payable	378,000	-	-	1,494,012		1,872,012
Capital lease payable	-	-	-	32,870		32,870
<b>Total Noncurrent Liabilities</b>	<b>434,212</b>	<b>-</b>	<b>-</b>	<b>1,555,436</b>		<b>1,989,648</b>
<b>Total Liabilities</b>	<b>525,481</b>	<b>34,868</b>	<b>3,841</b>	<b>2,625,147</b>		<b>3,189,337</b>
<b>Net Assets:</b>						
Invested in capital assets, net of related debt	1,156,154	53,890	975,437	1,497,960		3,683,441
Unrestricted	1,119,530	84,761	136,904	(809,400)		531,795
<b>Total Net Assets</b>	<b>2,275,684</b>	<b>138,651</b>	<b>1,112,341</b>	<b>688,560</b>		<b>4,215,236</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 2,801,165</b>	<b>\$ 173,519</b>	<b>\$ 1,116,182</b>	<b>\$ 3,313,707</b>	<b>\$</b>	<b>\$ 7,404,573</b>

The notes to the financial statements are an integral part of this statement.

**WEST BOUNTIFUL CITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET**  
**ASSETS – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2006**

	Business-type Activities - Enterprise Funds				Total
	Water	Solid Waste	Storm Drain	Golf Course	
<b>Operating Revenues:</b>					
Charges for services	\$ 473,298	\$ 291,047	\$ 49,146	\$ 815,130	\$ 1,628,621
Connection and servicing	7,537	-	-	-	7,537
<b>Total Operating Revenues</b>	<b>480,835</b>	<b>291,047</b>	<b>49,146</b>	<b>815,130</b>	<b>1,636,158</b>
<b>Operating Expenses:</b>					
Personnel services	88,030	-	12,961	352,662	453,653
Water purchases	117,918	-	-	-	117,918
Utilities	4,162	-	-	23,526	27,688
Repairs and maintenance	25,026	-	3,787	48,496	77,309
Materials and supplies	26,776	254,180	5,495	130,062	416,513
Depreciation	56,670	7,320	20,270	62,768	147,028
<b>Total Operating Expenses</b>	<b>318,582</b>	<b>261,500</b>	<b>42,513</b>	<b>617,514</b>	<b>1,240,109</b>
<b>Operating Income (Loss)</b>	<b>162,253</b>	<b>29,547</b>	<b>6,633</b>	<b>197,616</b>	<b>396,049</b>
<b>Nonoperating Income (Expense):</b>					
Interest income	31,475	2,563	4,275	772	39,085
Interest expense	(11,617)	-	-	(112,234)	(123,851)
Impact fees	219,728	-	-	-	219,728
Contributions/Grants	274,370	-	112,091	-	386,461
Gain from disposal of capital assets	-	-	-	4,000	4,000
<b>Total Nonoperating Income (Expense)</b>	<b>513,956</b>	<b>2,563</b>	<b>116,366</b>	<b>(107,462)</b>	<b>525,423</b>
<b>Income before transfers</b>	<b>676,209</b>	<b>32,110</b>	<b>122,999</b>	<b>90,154</b>	<b>921,472</b>
<b>Special item (capital assets)</b>	<b>(787,591)</b>	<b>-</b>	<b>(209,542)</b>	<b>(26,048)</b>	<b>(1,023,181)</b>
<b>Change in Net Assets</b>	<b>(111,382)</b>	<b>32,110</b>	<b>(86,543)</b>	<b>64,106</b>	<b>(101,709)</b>
<b>Net Assets, Beginning</b>	<b>2,357,066</b>	<b>106,541</b>	<b>1,198,884</b>	<b>624,454</b>	<b>4,286,945</b>
<b>Prior Period Adjustments</b>	<b>30,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,000</b>
<b>Net Assets, Ending</b>	<b>\$ 2,275,684</b>	<b>\$ 138,651</b>	<b>\$ 1,112,341</b>	<b>\$ 688,560</b>	<b>\$ 4,215,236</b>

The notes to the financial statements are an integral part of this statement.

**WEST BOUNTIFUL CITY**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**For The Year Ended June 30, 2006**

	Business-type Activities - Enterprise Funds			
	Water	Solid Waste	Storm Drain	Golf Course
				Total
<b>Cash Flows From Operating Activities:</b>				
Receipts from customers and users	\$ 480,566	\$ 290,610	\$ 49,162	\$ 818,717
Payments to suppliers	(181,232)	(234,428)	(6,029)	(171,989)
Payments to employees and related benefits	(107,898)	-	(12,962)	(375,168)
<b>Net cash flows from operating activities</b>	<b>191,436</b>	<b>56,182</b>	<b>30,171</b>	<b>271,560</b>
				<b>549,349</b>
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Interest paid	-	-	-	(21,018)
Due to other funds	-	-	-	24,394
Grants and contributions received	-	-	2,718	-
<b>Net cash flows from non-capital financing activities</b>	<b>-</b>	<b>-</b>	<b>2,718</b>	<b>3,376</b>
				<b>6,094</b>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Purchase of capital assets	-	(7,389)	-	(29,899)
Impact fees	219,728	-	-	219,728
Principal paid to long-term debt	(85,000)	-	-	(312,212)
Interest paid to long-term debt	(17,917)	-	-	(63,318)
Proceeds from sales of capital assets	-	-	-	4,000
<b>Net cash flows from capital and related financing activities</b>	<b>116,811</b>	<b>(7,389)</b>	<b>-</b>	<b>(401,429)</b>
				<b>(292,007)</b>
<b>Cash Flows From Investing Activities:</b>				
Interest on investments	31,475	2,563	4,275	772
<b>Net cash flows from investing activities</b>	<b>31,475</b>	<b>2,563</b>	<b>4,275</b>	<b>772</b>
				<b>39,085</b>
<b>Net Increase (Decrease) In Cash and Cash Equivalents</b>	<b>339,722</b>	<b>51,356</b>	<b>37,164</b>	<b>(125,721)</b>
<b>Cash and Cash Equivalents, Beginning</b>	<b>665,026</b>	<b>36,056</b>	<b>98,593</b>	<b>125,921</b>
<b>Cash and Cash Equivalents, Ending</b>	<b>\$ 1,004,748</b>	<b>\$ 87,412</b>	<b>\$ 135,757</b>	<b>\$ 200</b>
				<b>\$ 1,228,117</b>

The notes to the financial statements are an integral part of this statement.

**WEST BOUNTIFUL CITY**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (Continued)**  
**For The Year Ended June 30, 2006**

	Business-type Activities - Enterprise Funds				
	Water	Solid Waste	Storm Drain	Golf Course	Total
<b>Reconciliation of operating income to net cash flows from operating activities:</b>					
Operating income (loss)	\$ 162,253	\$ 29,547	\$ 6,633	\$ 197,616	\$ 396,049
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation	56,670	7,320	20,270	62,768	147,028
Changes in assets and liabilities					
Accounts receivable, net	(4,713)	(437)	16	-	(5,134)
Inventories	(8,849)	-	-	-	(8,849)
Prepaid expenses	(46)	-	-	(2,665)	(2,711)
Accounts payable	1,446	19,752	3,252	38,593	63,043
Compensated absences	(19,868)	-	-	(22,509)	(42,377)
Accrued liabilities	99	-	-	(5,830)	(5,731)
Customer deposits	4,444	-	-	-	4,444
Unearned revenue	-	-	-	3,587	3,587
<b>Net cash flows from operating activities:</b>	<u>\$ 191,436</u>	<u>\$ 56,182</u>	<u>\$ 30,171</u>	<u>\$ 271,560</u>	<u>\$ 549,349</u>
<b>Non cash activities</b>					
Amortization of cost of issuance on bonds	\$ 3,396	\$ -	\$ -	\$ 31,116	\$ 34,512
Donated assets	274,371	-	109,374	-	383,745

The notes to the financial statements are an integral part of this statement.



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## **WEST BOUNTIFUL CITY NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

West Bountiful City (the City) was incorporated in 1948 and operates under a Mayor-Council form of government and provides the following services as authorized by its charter: public safety (police), highways and streets, sanitation, culture and recreation, public improvements, planning and zoning, and general administrative services. The City also provides water, solid waste, storm drain, and golf course services which are reported as proprietary enterprise funds.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the City has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the City has chosen not to do so. The more significant accounting policies established in GAAP and used by the City are discussed below.

#### **The Reporting Entity**

As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent on the City.

The accompanying financial statements present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are in substance, part of the government's operations.

#### **Blended Component Units**

The City established a Redevelopment Agency (RDA) pursuant to state code and designated the City Council and the Mayor as the Redevelopment Agency Board. The financial statements of the RDA are included as part of the basic financial statements of the City (by blended presentation) and are included as a non-major governmental fund.

The City established a Municipal Building Authority pursuant to state code. The Governing Board of the Building Authority is comprised of the Mayor and members of the City Council. The purpose of the Authority is to serve the City as a financing agency for debt financed projects.

Financial information for the component units may be obtained at the City's office, located at 550 North 800 West, West Bountiful, Utah, 84087.

#### **Government-Wide and Fund Financial Statements**

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's general administrative services, public safety, parks, and highways and streets are classified as governmental activities. The City's water, solid waste, storm drain, and golf course services are classified as business-type activities.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Government-Wide Financial Statements (continued)

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *Business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those which are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they became available. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The financial resources used to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as another financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available means when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise of its assets, liabilities, reserves, fund balance, revenues, and expenditures or expenses as appropriate.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Capital Projects Fund accounts for the financial resources to be used for the acquisition or construction of the major capital facilities of the government (other than those financed by Proprietary Funds and Special Revenue Funds).

The Redevelopment Agency Fund provides redevelopment activities located within City limits and is accounted for as a special revenue fund.

The City reports the following major proprietary funds:

The Water Fund accounts for the activities of the City's water distribution system.

The Solid Waste Fund accounts for the activities of the City's garbage collection system.

The Storm Drain Fund accounts for the provision of this service to the residents of the City.

The Golf Course Fund accounts for the activities of the City's golf course.

Additionally, the City reports the following fund types:

Special revenue funds account for resources legally restricted to expenditures for specified current operating purposes and for the enforcement of special services and activities. Accounting and financial reporting for the General and special revenue funds are identical. The City accounts for Street, Storm Drain, Police Facility, and Park impact fees in special revenue funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for providing administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for services provided. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are, reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$100,000 for infrastructure assets and \$5,000 for all other assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of fixed assets is computed using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings	30-40
Improvements other than buildings	5-40
Machinery and equipment	5-20
Water and Storm Drain systems	25-50
Infrastructure	25-40
Vehicles	5-10

Budgets

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Manager/Budget Officer and City Council on or before June 22 for the following fiscal year, beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations.

Budgets include activities in several different funds, including the General Fund, special revenue funds, and enterprise funds. Annual budgets are also adopted for capital projects which may include activities which overlap several fiscal years. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established at the department level. Each department head is responsible to the Mayor and City Council for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance until it exceeds 5% of the General Fund revenues. Until the unreserved fund balance is greater than the above percentage, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When an unreserved fund balance is greater than 18% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Budgets (Continued)

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance, in which case a public hearing must be held. With the consent of the City Administrator, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year.

Budgets for the General Fund, Capital Projects Fund, and special revenue funds, are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Expenditures in the Capital Projects Fund are budgeted annually on a project-by-project basis. Although it is the intention of the City that each project be funded by a specific revenue source, the adopted budget reflects only total anticipated revenues by source. Since it is neither practicable, nor appropriate to separate revenues and fund balance on a project-by-project basis, the Capital Projects Fund is reported as an individual fund in the accompanying financial statements.

Taxes

On or before June 22 of each year, the City sets the property tax rate for various municipal purposes. If the City intends to increase property tax revenues above the tax rate of the previous year, state law requires the City to provide public notice to property owners and hold public hearings. When these special public hearings are necessary, the adoption of the final budget is made subsequent to June 22. All property taxes levied by the City are assessed and collected by Davis County. Taxes are levied as of January 1 and due November 30; any delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property, and the amount of taxes and penalties bears interest from January 1 until paid. If delinquent taxes have not been paid, after five years the County sells the property at a tax sale. Tax collections are remitted to the City from the County on a monthly basis.

The Utah State Tax Commission collects sales and telecommunications taxes and are remitted to the City monthly.

Franchise taxes are collected by natural gas, electric utility companies, and remitted monthly. Cable television companies collect the franchise taxes and are remitted to the City quarterly.

Cash and cash equivalents

The City considers all cash and investments with original maturities of three months or less to be cash and cash equivalents. For the purpose of the statement of cash flows, cash and cash equivalents are defined as the cash and cash equivalent accounts and the restricted cash and cash equivalents accounts.

Inventory

Inventories of the enterprise funds are stated at cost using the first-in first-out method.

Prepays

Prepays in the governmental funds are accounted for using the consumption method.

Restricted Assets

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Long-Term Obligations

In the government-wide financial statements and proprietary fund types, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated absences

Accumulated unpaid vacation is accrued as incurred based on the years of service for each employee. Vacation is accumulated on a bi-weekly basis and is fully vested when earned. Accumulated vacation cannot exceed 240 hours at the end of any calendar year and any vacation in excess of this amount is forfeited. At retirement, death, or termination, all unpaid accrued vacation, up to 240 hours, is paid to the employee or his or her beneficiary. Accumulated sick leave is earned at a rate of 4 hours per pay period. Sick pay amounts are charged to expenditures when incurred. Employees may accumulate sick leave up to 720 hours. Accumulated sick leave paid to employees upon retirement is limited depending on years of service with West Bountiful City as follows:

- Retiring employees with at least ten years of service may cash out 20% of accumulated hours or 288 hours, whichever is less.
- Retiring employees with at least 20 years of service may cash out 40% of accumulated hours, or 576 hours, whichever is less.
- Retiring employees with at least 25 years of service may cash out 50% of accumulated hours or 720 hours, whichever is less.

The amount of accumulated leave is accrued when incurred in the government-wide, proprietary fund financial statements. Employees that are terminated for reasons other than retirement are not paid for accumulated sick leave.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Contributed capital represents resources acquired through capital grants and capital contributions from developers, customers or other funds.

Interfund transactions

During the course of normal operations, the City has transactions between funds to subsidize operations in certain enterprise funds, to construct assets, to distribute grant proceeds, etc. These transactions are generally reflected as transfers, which are transfers from a fund authorized to receive certain revenues to the fund through which the resources are to be expended.

## WEST BOUNTIFUL CITY NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

### NOTE 2 DEPOSITS AND INVESTMENTS

Deposits and investments for the City are governed by the Utah Money Management Act (*Utah Code Annotated*, Title 51, Chapter 7, "the Act") and by rules of the Utah Money Management Council ("the Council"). Following are discussions of the City's exposure to various risks related to its cash management activities.

*Custodial credit risk – deposits* is the risk that in the event of bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Money Management Act. The Act requires all deposits of the City to be in a *qualified depository*, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Money Management Council. As of June 30, 2006, \$290,299 of the City's bank balances of \$390,299 were uninsured and uncollateralized.

*Custodial credit risk – investments* is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk of investments. The City's investment in the Utah Public Treasurer's Investment Fund has no custodial credit risk.

*Credit risk* is the risk that the counterparty to an investment will not fulfill its obligations. The City policy for limiting the credit risk of investments is to comply with the Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as "first-tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poors; banker acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprises; bonds and notes of political subdivisions of the State of Utah; fixed rate corporate obligations and variable rate securities rated "A" or higher by two nationally recognized statistical rating organizations as defined in the Act.

The City is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

For the year ended June 30, 2006, the City had investments of \$2,104,320 with PTIF. The entire balance had a maturity less than one year. The PTIF pool has not been rated.

*Interest rate risk* is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by investing mainly in the PTIF and by adhering to the Money Management Act. The Act requires that the remaining term to maturity may not exceed the period of availability of the funds to be invested.



# WEST BOUNTIFUL CITY

## NOTES TO FINANCIAL STATEMENTS (Continued)

### NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

*Concentration of credit risk* is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The City's investment in the Utah Public Treasurer's Investment Fund has no concentration of credit risk.

### NOTE 3 ALLOWANCE FOR DOUBTFUL ACCOUNTS

The allowance for doubtful accounts receivable at June 30, 2006 for all funds is \$10,758.

### NOTE 4 RESTRICTED ASSETS

Restricted assets consist of cash reserves required by bonding agreements for capital assets and for future bond payments. The City also has cash reserves that are restricted for road repair and maintenance. Additionally, restricted assets consist of impact fees collected that have not yet been used for their intended purpose.

### NOTE 5 CAPITAL ASSETS AND DEPRECIATION

Capital asset activity for the year ended June 30, 2006, was as follows:

	Beginning Balance July 1, 2005	Additions	Deletions	Ending Balance June 30, 2006
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,052,700	\$ 48,789	\$ -	\$ 5,101,489
Construction in progress	109,810	-	109,810	-
<b>Total capital assets, not being depreciated</b>	<b>5,162,510</b>	<b>48,789</b>	<b>109,810</b>	<b>5,101,489</b>
Capital assets, being depreciated:				
Buildings	1,861,870	331,274	-	2,193,144
Improvements other than buildings	7,762,007	1,496,564	6,744,106	2,514,465
Machinery and equipment	372,839	48,700	138,921	282,618
Vehicles	423,874	106,975	89,431	441,418
<b>Total capital assets, being depreciated</b>	<b>10,420,590</b>	<b>1,983,513</b>	<b>6,972,458</b>	<b>5,431,645</b>
Less accumulated depreciation for:				
Buildings	5,172	65,655	-	70,827
Improvements other than buildings	4,092,906	47,566	3,835,106	305,366
Machinery and equipment	205,401	25,518	107,922	122,997
Vehicles	201,232	49,772	34,535	216,469
<b>Total accumulated depreciation</b>	<b>4,504,711</b>	<b>188,511</b>	<b>3,977,563</b>	<b>715,659</b>
<b>Total capital assets being depreciated, net</b>	<b>5,915,879</b>	<b>1,795,002</b>	<b>2,994,895</b>	<b>4,715,986</b>
<b>Governmental activities capital assets, net</b>	<b>\$ 11,078,389</b>	<b>\$ 1,843,791</b>	<b>\$ 3,104,705</b>	<b>\$ 9,817,475</b>

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 CAPITAL ASSETS AND DEPRECIATION (Continued)**

Depreciation expense was charged to functions/programs of the primary governmental activities as follows:

Governmental activities:	
General government	\$ 87,999
Highways and public improvements	58,535
Parks, recreation and public property	6,965
Public safety	35,012
	<hr/>
<b>Total depreciation expense - governmental activities</b>	<b>\$ 188,511</b>

The enterprise funds' property, plant and equipment consist of the following at June 30, 2006:

	Beginning Balance July 1, 2005	Additions	Deletions	Ending Balance June 30, 2006
<b>Business-type Activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 1,743,497	\$ -	\$ -	\$ 1,743,497
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total capital assets,         not being depreciated</b>	<b>1,743,497</b>	<b>-</b>	<b>-</b>	<b>1,743,497</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Capital assets, being depreciated:				
Buildings	301,234	-	2,302	298,932
Golf Course	1,867,965	-	58,977	1,808,988
Water distribution system	3,005,260	274,371	947,943	2,331,688
Storm drain system	1,348,201	109,374	334,662	1,122,913
Machinery and equipment	632,857	49,788	118,145	564,500
Vehicles	150,514	-	5,499	145,015
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total capital assets,         being depreciated</b>	<b>7,306,031</b>	<b>433,533</b>	<b>1,467,528</b>	<b>6,272,036</b>
	<hr/>	<hr/>	<hr/>	<hr/>
Less accumulated depreciation for:				
Buildings	84,700	10,324	1,804	93,220
Golf Course	532,815	37,681	40,262	530,234
Water distribution system	980,956	43,340	167,115	857,181
Storm drain system	411,067	20,271	125,121	306,217
Machinery and equipment	488,230	25,932	107,828	406,334
Vehicles	97,150	9,480	5,717	100,913
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total accumulated depreciation</b>	<b>2,594,918</b>	<b>147,028</b>	<b>447,847</b>	<b>2,294,099</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Total capital assets being depreciated, net</b>	<b>4,711,113</b>	<b>286,505</b>	<b>1,019,681</b>	<b>3,977,937</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Business-type activities capital assets, net</b>	<b>\$ 6,454,610</b>	<b>\$ 286,505</b>	<b>\$ 1,019,681</b>	<b>\$ 5,721,434</b>

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 LONG-TERM DEBT**

The following is a summary of changes in long-term for the year ended June 30, 2006:

	Long-term debt payable at July 1, 2005	Additions	Reductions	Long-term debt payable at June 30, 2006	Due Within One Year
<b>Governmental Activities:</b>					
Bonds payable					
Sales tax revenue bond	\$ 2,160,000	\$ -	\$ 50,000	\$ 2,110,000	\$ 55,000
<b>Total bonds payable</b>	<u>2,160,000</u>	<u>-</u>	<u>50,000</u>	<u>2,110,000</u>	<u>55,000</u>
Other liabilities					
Compensated absences	178,792	-	135,837	42,955	-
<b>Total other liabilities</b>	<u>178,792</u>	<u>-</u>	<u>135,837</u>	<u>42,955</u>	<u>-</u>
<b>Governmental activities long-term liabilities</b>	<u>2,338,792</u>	<u>-</u>	<u>185,837</u>	<u>2,152,955</u>	<u>55,000</u>
<b>Business-type Activities</b>					
Bonds payable					
Water revenue bond	551,000	-	85,000	466,000	88,000
G.O. refunding bonds	2,062,011	-	282,000	1,780,011	286,000
<b>Total bonds payable</b>	<u>2,613,011</u>	<u>-</u>	<u>367,000</u>	<u>2,246,011</u>	<u>374,000</u>
Capital leases payable					
Yamaha golf carts 2003 - lease	18,711	-	11,873	6,838	-
Yamaha golf carts 2004 - lease	19,996	-	9,697	10,299	-
Yamaha golf carts 2005 - lease	-	24,375	8,641	15,734	-
<b>Total capital leases payable</b>	<u>38,707</u>	<u>24,375</u>	<u>30,211</u>	<u>32,871</u>	<u>-</u>
Other liabilities					
Compensated absences	82,417	-	50,981	31,436	8,604
<b>Total other liabilities</b>	<u>82,417</u>	<u>-</u>	<u>50,981</u>	<u>31,436</u>	<u>8,604</u>
<b>Business-type activities long-term liabilities</b>	<u>2,734,135</u>	<u>24,375</u>	<u>448,192</u>	<u>2,310,318</u>	<u>382,604</u>
<b>Total</b>	<u>\$ 5,072,927</u>	<u>\$ 24,375</u>	<u>\$ 634,029</u>	<u>\$ 4,463,273</u>	<u>\$ 437,604</u>

Compensated absences are generally liquidated by the General, Water, and Golf Course funds.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 LONG-TERM DEBT (Continued)**

Governmental Activities

Sales Tax Revenue Bonds, Series 2004

In May 2004, the City issued Sales Tax Revenue Bonds, Series 2004 with an original issue amount of \$2,215,000 to fund the acquisition and construction of a new City Hall and Public Works building. There were costs associated with the issuance of the bonds of \$56,000 that are being amortized over the life of the bonds. The bonds have an interest rate ranging from 3.0% to 4.5%. The City is required to make annual principal installments on May 1, of each year and semi-annual interest payments on May 1, and Nov 1, of each year. The City has pledged the future sales tax revenue to service the debt. The City is required to maintain a debt service reserve account. The balance in the debt service reserve account related to this bond as of June 30, 2006 is \$163,313. The bonds mature in September 2029.

The annual debt service requirements to maturity, including principal and interest, for the Series 2004 Sales Tax Revenue Bonds, as of June 30, 2006, are as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 55,000	\$ 105,777	\$ 160,777
2008	55,000	104,128	159,128
2009	55,000	101,927	156,927
2010	60,000	99,727	159,727
2011	60,000	97,328	157,328
2012-2016	360,000	441,060	801,060
2017-2021	450,000	343,774	793,774
2022-2026	585,000	213,375	798,375
2027-2029	430,000	47,250	477,250
	\$ 2,110,000	\$ 1,554,346	\$ 3,664,346

Business-type Activities

Water Revenue Refunding Bonds, Series 2004

In April 2004, the City issued Water Revenue Refunding Bonds, Series 2004 with an original issue amount of \$640,000 to refinance Water Revenue Bonds Series 1993. The cost associated with the issuance of the bonds of \$22,075, is being amortized over the life of the bonds. The bonds have an interest rate ranging from 2.05% to 4.02%. The City is required to make annual principal installments due on January 1 of each year. The City is also required to make semi-annual interest payments on January 1, and July 1, of each year. The City has pledged future water revenue to service the debt. The bonds mature in January 2011.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 LONG-TERM DEBT (Continued)**

Water Revenue Refunding Bonds, Series 2004 (continued)

The annual debt service requirements to maturity, including principal and interest for the Series 2004 Water Revenue Refunding Bonds as of June 30, 2006, are as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 55,000	\$ 105,777	\$ 160,777
2008	55,000	104,128	159,128
2009	55,000	101,927	156,927
2010	60,000	99,727	159,727
2011	60,000	97,328	157,328
2012-2016	360,000	441,060	801,060
2017-2021	450,000	343,774	793,774
2022-2026	585,000	213,375	798,375
2027-2029	430,000	47,250	477,250
	<u>\$ 2,110,000</u>	<u>\$ 1,554,346</u>	<u>\$ 3,664,346</u>

General Obligation Golf Course Refunding Bonds, Series 2003

In July 2003, the City issued General Obligation Golf Course Refunding Bonds, Series 2003 with an original issue amount of \$2,020,000 to refinance the outstanding Series 1995 General Obligation Refunding Bonds issued for the acquisition, design, and construction of land improvements in connection with the Lakeside Golf Course which is owned and operated by West Bountiful City. The bonds have an interest rate ranging from 2.25% to 3.50%. There were costs associated with the issuance of these bonds, including the unamortized portion of the Series 1995 Bonds, totaling \$287,838, which is being amortized over the life of the bond. The City is required to make annual principal installments due on September 1 of each year and make semi-annual interest payments on March 1, and September 1, of each year. The bonds mature in September 2013.

The annual debt service requirements to maturity, including principal and interest for the Series 2003 General Obligation Golf Course Refunding Bonds as of June 30, 2006, are as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 205,000	\$ 44,550	\$ 249,550
2008	185,000	40,163	225,163
2009	195,000	35,522	230,522
2010	200,000	24,463	224,463
2011	200,000	18,213	218,213
2012-2014	635,011	15,357	650,368
	<u>\$ 1,620,011</u>	<u>\$ 178,268</u>	<u>\$ 1,798,279</u>

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 LONG-TERM DEBT (Continued)**

General Obligation Golf Course Refunding Bonds, Series 2002

In April 2002, the City issued General Obligation Golf Course Refunding Bonds, Series 2002 with an original issue amount of \$451,000 to refinance the General Obligation Refunding Bonds, Series 1992. The bonds have an interest rate ranging from 2.69% to 4.50%. The City is required to make annual principal installments due on April 1, of each year and make semi-annual interest payments on April 1, and October 1, of each year. The bonds mature in April 2008.

The annual debt service requirements to maturity, including principal and interest for the Series 2002 Golf Course Refunding Bonds as of June 30, 2006, are as follows:

Year Ending June 30,	Principal	Interest	Total
2007	\$ 81,000	\$ 7,095	\$ 88,095
2008	79,000	3,555	82,555
	\$ 160,000	\$ 10,650	\$ 170,650

**NOTE 7 CAPITAL LEASES**

The City has acquired certain enterprise fund assets financed with capital leases. The leased assets and related capital lease obligations are accounted for in the enterprise funds.

In April 2003, the City entered into a lease with Yamaha Motor Corporation to lease 10 golf carts. The City is required to make annual installments on July 1, of each year of \$6,928 and the term of the lease is for 61 months. The present value of the future minimum lease payments are as follows:

Year Ending June 30,	Minimum Lease Payments
2007	\$ -
2008	6,927
Total minimum lease payments	6,927
Less: amount representing interest	(89)
Present value of net minimum lease payments	\$ 6,838

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 7 CAPITAL LEASES (Continued)**

In July 2004, the City entered into a lease with Yamaha Motor Corporation to lease 10 golf carts for use at the golf course. The City is required to make annual installments on July 1, of each year of \$5,508 and the term of the lease is for 59 months. The present value of the future minimum lease payments are as follows:

Year Ending June 30,	Minimum Lease Payments
2007	\$ -
2008	5,508
2009	5,508
Total minimum lease payments	11,016
Less: amount representing interest	(717)
Present value of net minimum lease payments	\$ 10,299

In July 2005, the City entered into a lease with Yamaha Motor Corporation to lease 10 golf carts for use at the golf course. The City is required to make annual installments on July 1, of each year of \$5,891 and the term of the lease is for 59 months. The present value of the future minimum lease payments are as follows:

Year Ending June 30,	Minimum Lease Payments
2007	\$ -
2008	5,891
2009	5,891
2010	5,891
Total minimum lease payments	17,673
Less: amount representing interest	(1,939)
Present value of net minimum lease payments	\$ 15,734

The assets acquired that are obligated under capital leases are included in the proprietary funds statement of net assets as follows:

<u>Asset:</u>	<u>Golf Fund</u>
Machinery and equipment	\$ 54,680
Less: Accumulated depreciation	(21,341)
	\$ 33,339

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 8 RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; errors and omissions and natural disasters. The City participates in the Utah Local Government Insurance Trust (the Trust), a public entity risk pool to manage its risk of loss. The City pays an annual premium to the Trust for its general insurance coverage. The Trust was created to be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of one million dollars for each insured event. As of June 30, 2006, there were no outstanding unpaid claims. Also, the City had no claim settlements during the three years ending June 30, 2006, which exceeded its insurance coverage. The City also has a fidelity bond with a private carrier.

**NOTE 9 RETIREMENT PLAN**

Cost Sharing Defined Benefits Pension Plans

Plan description: The City contributes to the Local Governmental Contributory Retirement System and the Public Safety Retirement System, both of which are cost-sharing multiple-employer defined benefit pension plans. These plans are administered by the Utah Retirement Systems (the Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

Cost Sharing Defined Benefits Pension Plans (Continued)

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated, 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (the Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the State and School Contributory Retirement System and State and School Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Local Government Contributory Retirement System

Funding policy: Plan members in the Local Governmental Contributory Retirement System are required to contribute 6% of their annual covered salary (all of which is paid by the City), and the City is required to contribute 7.08% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City contributions to the Local Governmental Contributory Retirement System for the years ended June 30, 2006, 2005, and 2004, were \$63,777, \$66,597 and \$54,043 respectively. The contributions were equal to the required contributions for each year.

Public Safety Retirement System

Plan description: The City contributes to a defined benefit pension plan for public safety employees, which provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes. West Bountiful City is affiliated with the Utah Retirement Systems Public Safety Retirement System, an agent multiple-employer and cost sharing multiple-employer pension plan administered by the Utah Retirement Systems (Systems). The Utah State Retirement Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the West Bountiful City Public Safety Retirement System. A copy of the report may be obtained by writing to the Utah Retirement System, 540 E 200 S, Salt Lake City, UT 84102 or by calling 1-800-365-8772.



**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 9 RETIREMENT PLAN (Continued)**

Agent Multiple Employer Defined Benefit Pension Plan

Funding Policy: The City is required to contribute 20.24% of members' annual covered salary in the public safety defined benefit pension plan. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City contributions to the Public Safety Retirement System for the years ended June 30, 2006, 2005, 2004, were \$45,858, \$46,418 and \$32,378 respectively. The City's Public Safety Retirement annual pension cost was equal to the City's required and actual contributions.

401(k) defined contribution and 457 deferred compensation plans

This City offers its employees participation in 401(k) and 457 plans offered through the Utah Retirement System. The City only contributes as per City statute. The City offers three classes of health insurance plans and the City agrees to pay for the middle plan. If an employee elects to take the lower plan or does not elect to have health insurance through the City, the City will determine the difference between the cost to the City for the middle insurance plan and the actual cost to the City and contribute that amount to the employees' 457 or 401(k) plan.

IRC Code Section 401(k) Plan

The City participates in a 401(k) plan offered through the Utah State Retirement System. The plan under Internal Revenue Code Section 401(k) is available to all permanent full-time City employees after nine consecutive months of service and permits the employee to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The contribution for fiscal year ended June 30, 2006 was \$90,652, which consisted of \$21,731 from employee contributions and \$68,921 from City contributions.

The assets and income of the Internal Revenue Code Section 401(k) Plan are held in trust by the Utah Retirement System for the exclusive benefit of the participants or their beneficiaries.

IRC Code Section 457 Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all permanent full time City employees after nine months of consecutive service, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The contribution for fiscal year ended June 30, 2006 was \$15,835, which consisted of \$6,232 from employee contribution and \$9,603 from City contributions.

The assets and income of the Internal Revenue Code Section 457 Plan are held in trust by the Utah Retirement System for the exclusive benefit of the participants or their beneficiaries.

**NOTE 10 COMMITMENTS AND CONTINGENCIES**

The City has entered into agreements to repair a section of a City street and to construct a storm drainage system. The remaining portion of those commitments yet to be completed and paid is approximately \$160,650.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 11 RELATED PARTY INFORMATION**

An individual appointed by the City Council serves on the board of the South Davis Sewer District. The City purchased services \$60 from this organization during the fiscal year.

A City Council Member serves on the board of the Davis Mosquito Abatement District. There were no transactions between the City and this entity during the fiscal year.

**NOTE 12 INTERLOCAL AGREEMENTS AND SERVICE DISTRICTS**

The City participates in the following special districts to provide services to its residents:

Davis County Solid Waste Management and Emergency Recovery Special Service District  
 South Davis Metro Fire District  
 South Davis Sewer District

The Davis County Solid Waste Management and Emergency Recovery Special Service District bills the City for services received and the City bills its residents for this service. The City paid the Davis County Solid Waste Management and Emergency Recovery Special Service District \$179,666 for their services. The City paid the South Davis Metro Fire District \$244,632 for fire services. South Davis Sewer District bills the City's residents directly for the services provided.

The City has representatives on the governing boards of the above districts but does not have total or final control over the fiscal or administrative activities of these entities. Payments for services to these entities are included as expenditures of the City's General Fund and enterprise funds.

**NOTE 13 TRANSFERS**

The transfers among the funds for the year ended June 30, 2006 were as follows:

	<u>In</u>	<u>Out</u>
Governmental funds:		
General	\$ 120,144	\$ 46,872
Redevelopment Agency	46,872	-
Capital Improvements	-	120,144
	<u>\$ 167,016</u>	<u>\$ 167,016</u>

The resulting composition of the interfund balances as of June 30, 2006 is as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 474,318	\$ -
Capital Improvements Fund	188,040	-
Golf Course Fund	-	662,358
	<u>\$ 662,358</u>	<u>\$ 662,358</u>

These interfund balances are not expected to be repaid within the next fiscal year.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 14 REDEVELOPMENT AGENCY OF WEST BOUNTIFUL CITY**

For the year ended June 30, 2006, the following activity occurred in the City's Redevelopment Agency:

Tax increment collected	\$ 278,131
Amounts expended for site improvements and preparation costs	279,021
Amounts expended for legal and professional fees	6,876
Amounts expended for administration costs	69,496

**NOTE 15 OTHER REQUIRED FUNDS DISCLOSURE**

Expenditures in Excess of Budget

For the year ended June 30, 2006, the City's expenditures exceeded the budget in the following funds and departments:

<u>Fund/Department</u>	<u>Amount Expenditures Exceeded Budget</u>
General Fund	
General government	
Administrative	\$ 44,078
Engineering	8,857
Government buildings	2,826
Public safety	
Police	13,469
Highways and streets	
Streets	2,781
Redevelopment Agency	57,124

Negative Fund Balance

As of June 30, 2006 the Redevelopment Agency fund has a negative fund balance of \$27,716.

**NOTE 16 PRIOR PERIOD ADJUSTMENTS**

Management determined that the Water Fund had approximately \$60,000 in water parts inventory for the year ended June 30, 2005. Therefore, the beginning inventory in the Water Fund and the Water Fund equity was increased by \$30,000.

**NOTE 17 SPECIAL ITEMS**

The City amended its capitalization policy during the year ended June 30, 2006. The previous policy was to capitalize infrastructure assets with a cost over \$2,000 and all other assets with an initial cost over \$500. The current amended capitalization policy is to capitalize infrastructure assets with an initial cost over \$100,000 and all other assets with an initial cost over \$5,000. Due to this change the City removed numerous assets from the financial statements.

**WEST BOUNTIFUL CITY**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 17 SPECIAL ITEMS (Continued)**

As a result of this policy change, management has removed assets in the governmental funds, net of accumulated depreciation, in the amount of \$2,994,898 as shown as a Special Item. Additionally, management has removed assets in the proprietary funds as Special Items as shown below:

	<b>Net of Accumulated Depreciation</b>
Water	\$ 787,591
Storm Drain	209,542
Golf Course	26,048
	<hr/>
	\$ 1,023,181

Although these assets are not accounted for on the financial statements, management keeps track of all assets with a cost over \$500.

**SUPPLEMENTAL INFORMATION**

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**WEST BOUNTIFUL CITY**  
**COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS**  
**June 30, 2006**

	<u>Special Revenue Funds</u>				<b>Total Nonmajor Governmental Funds</b>
	<u>Street Impact Fees</u>	<u>Storm Drain Impact Fees</u>	<u>Police Facility Impact Fees</u>	<u>Park Impact Fees</u>	
<b>Assets:</b>					
Restricted assets:					
Cash and cash equivalents and investments	<u>\$ 195,171</u>	<u>\$ 61,444</u>	<u>\$ 28,719</u>	<u>\$ 262,429</u>	<u>\$ 547,763</u>
<b>Total Assets</b>	<u><u>\$ 195,171</u></u>	<u><u>\$ 61,444</u></u>	<u><u>\$ 28,719</u></u>	<u><u>\$ 262,429</u></u>	<u><u>\$ 547,763</u></u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
<b>Total Liabilities</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances:</b>					
Unreserved	<u>195,171</u>	<u>61,444</u>	<u>28,719</u>	<u>262,429</u>	<u>547,763</u>
<b>Total Fund Balances</b>	<u>195,171</u>	<u>61,444</u>	<u>28,719</u>	<u>262,429</u>	<u>547,763</u>
<b>Total Liabilities and         Fund Balances</b>	<u><u>\$ 195,171</u></u>	<u><u>\$ 61,444</u></u>	<u><u>\$ 28,719</u></u>	<u><u>\$ 262,429</u></u>	<u><u>\$ 547,763</u></u>

**WEST BOUNTIFUL CITY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS**  
**For The Year Ended June 30, 2006**

	<u>Special Revenue Funds</u>				<b>Total Nonmajor Governmental Funds</b>
	<b>Street Impact Fees</b>	<b>Storm Drain Impact Fees</b>	<b>Police Facility Impact Fees</b>	<b>Park Impact Fees</b>	
<b>Revenues:</b>					
Interest on investments	\$ 6,200	\$ 1,922	\$ 900	\$ 8,688	\$ 17,710
Impact fees	144,016	7,708	21,447	68,396	241,567
<b>Total Revenues</b>	<u>150,216</u>	<u>9,630</u>	<u>22,347</u>	<u>77,084</u>	<u>259,277</u>
<b>Expenditures:</b>					
Parks	-	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>150,216</u>	<u>9,630</u>	<u>22,347</u>	<u>77,084</u>	<u>259,277</u>
<b>Other Financing Sources (Uses):</b>					
Transfer out	-	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	<u>150,216</u>	<u>9,630</u>	<u>22,347</u>	<u>77,084</u>	<u>259,277</u>
<b>Fund Balance, Beginning</b>	<u>44,955</u>	<u>51,814</u>	<u>6,372</u>	<u>185,345</u>	<u>288,486</u>
<b>Fund Balance, Ending</b>	<u>\$ 195,171</u>	<u>\$ 61,444</u>	<u>\$ 28,719</u>	<u>\$ 262,429</u>	<u>\$ 547,763</u>



**WEST BOUNTIFUL CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL - CAPITAL IMPROVEMENTS FUND**  
**For The Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Taxes	\$ 55,000	\$ 57,000	\$ 63,013	\$ 6,013
Interest on investments	13,000	14,000	16,468	2,468
<b>Total Revenues</b>	<u>68,000</u>	<u>71,000</u>	<u>79,481</u>	<u>8,481</u>
<b>Expenditures:</b>				
General government	-	-	34,982	(34,982)
Bond issuance costs	-	-	-	-
Capital outlay	202,000	143,000	165,464	(22,464)
<b>Total Expenditures</b>	<u>202,000</u>	<u>143,000</u>	<u>200,446</u>	<u>(57,446)</u>
<b>Excess (deficiency) of Revenues     Over (Under) Expenditures</b>	<u>(134,000)</u>	<u>(72,000)</u>	<u>(120,965)</u>	<u>(48,965)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer in	-	200,000	-	(200,000)
Transfer out	(20,000)	(140,145)	(120,144)	20,001
<b>Total Other Financing Sources         (Uses)</b>	<u>(20,000)</u>	<u>59,855</u>	<u>(120,144)</u>	<u>(179,999)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (154,000)</u>	<u>\$ (12,145)</u>	<u>(241,109)</u>	<u>\$ (228,964)</u>
<b>Fund Balance, Beginning</b>			<u>652,289</u>	
<b>Fund Balance, Ending</b>			<u>\$ 411,180</u>	

**WEST BOUNTIFUL CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – NONMAJOR STREETS IMPACT FEES**  
**SPECIAL REVENUE FUND**  
**For The Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Impact fees	\$ 150,000	\$ 146,000	\$ 144,016	\$ (1,984)
Interest on investments	6,000	6,000	6,200	200
<b>Total Revenues</b>	<u>156,000</u>	<u>152,000</u>	<u>150,216</u>	<u>(1,784)</u>
<b>Expenditures:</b>				
General government	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of Revenues     Over (Under) Expenditures</b>	<u>156,000</u>	<u>152,000</u>	<u>150,216</u>	<u>(1,784)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 156,000</u>	<u>\$ 152,000</u>	150,216	<u>\$ (1,784)</u>
<b>Fund Balance, Beginning</b>			44,955	
<b>Fund Balance, Ending</b>			<u>\$ 195,171</u>	

**WEST BOUNTIFUL CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – NONMAJOR STORM DRAIN IMPACT FEES**  
**SPECIAL REVENUE FUND**  
**For The Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Impact fees	\$ 7,000	\$ 8,700	\$ 7,708	\$ (992)
Interest on investments	1,500	1,800	1,922	122
<b>Total Revenues</b>	<u>8,500</u>	<u>10,500</u>	<u>9,630</u>	<u>(870)</u>
<b>Expenditures:</b>				
General government	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of Revenues Over (Under) Expenditures</b>	<u>8,500</u>	<u>10,500</u>	<u>9,630</u>	<u>(870)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer out	<u>(57,500)</u>	<u>(57,500)</u>	<u>-</u>	<u>57,500</u>
<b>Total Other Financing Sources (Uses)</b>	<u>(57,500)</u>	<u>(57,500)</u>	<u>-</u>	<u>57,500</u>
<b>Net Change in Fund Balance</b>	<u>\$ (49,000)</u>	<u>\$ (47,000)</u>	<u>9,630</u>	<u>\$ 56,630</u>
<b>Fund Balance, Beginning</b>			<u>51,814</u>	
<b>Fund Balance, Ending</b>			<u>\$ 61,444</u>	

**WEST BOUNTIFUL CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – NONMAJOR POLICE IMPACT FEES**  
**SPECIAL REVENUE FUND**  
**For The Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Impact fees	\$ 22,000	\$ 22,000	\$ 21,447	\$ (553)
Interest on investments	650	950	900	(50)
<b>Total Revenues</b>	<u>22,650</u>	<u>22,950</u>	<u>22,347</u>	<u>(603)</u>
<b>Expenditures:</b>				
Public safety	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficiency) of Revenues     Over (Under) Expenditures</b>	<u>22,650</u>	<u>22,950</u>	<u>22,347</u>	<u>(603)</u>
<b>Other Financing Sources (Uses):</b>				
Transfer out	<u>(38,150)</u>	<u>(38,150)</u>	<u>-</u>	<u>38,150</u>
<b>Total Other Financing Sources         (Uses)</b>	<u>(38,150)</u>	<u>(38,150)</u>	<u>-</u>	<u>38,150</u>
<b>Net Change in Fund Balance</b>	<u>\$ (15,500)</u>	<u>\$ (15,200)</u>	<u>22,347</u>	<u>\$ 37,547</u>
<b>Fund Balance, Beginning</b>			<u>6,372</u>	
<b>Fund Balance, Ending</b>			<u>\$ 28,719</u>	

**WEST BOUNTIFUL CITY**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND**  
**BALANCES – BUDGET AND ACTUAL – NONMAJOR PARK IMPACT FEES**  
**SPECIAL REVENUE FUND**  
**For The Year Ended June 30, 2006**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with final budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Impact fees	\$ 65,000	\$ 69,000	\$ 68,396	\$ (604)
Interest on investments	8,000	8,000	8,688	688
<b>Total Revenues</b>	<u>73,000</u>	<u>77,000</u>	<u>77,084</u>	<u>84</u>
<b>Expenditures:</b>				
Parks	42,000	42,000	-	42,000
<b>Total Expenditures</b>	<u>42,000</u>	<u>42,000</u>	<u>-</u>	<u>42,000</u>
<b>Excess (deficiency) of Revenues         Over (Under) Expenditures</b>	<u>31,000</u>	<u>35,000</u>	<u>77,084</u>	<u>42,084</u>
<b>Net Change in Fund Balance</b>	<u>\$ 31,000</u>	<u>\$ 35,000</u>	<u>77,084</u>	<u>\$ 42,084</u>
<b>Fund Balance, Beginning</b>			<u>185,345</u>	
<b>Fund Balance, Ending</b>			<u>\$ 262,429</u>	

**WEST BOUNTIFUL CITY**  
**IMPACT FEE SCHEDULE**  
**Streets & Road Fund**  
**June 30, 2006**

**West Bountiful City Impact Fee Reporting: Streets & Roads Fund**

Fiscal Year ending June 30th for the following years:	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
	10	9	8	7	6	5	4	3	2	1	Budget

**Revenue:**

Development Impact Fee	\$	-	\$	-	\$	-	\$	3,356	\$21,452	\$19,213	\$	144,016	\$	290,000
Interest Earned	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Donations, Grants	-	-	-	-	-	-	5	217	717	6,201	11,800	-	-	-
<b>Total Revenue:</b>	\$	-	\$	-	\$	-	\$	3,361	\$21,669	\$19,930	\$	150,217	\$	301,800

**Expenditures:**

Land Purchases	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-
Impact Fee/Other Studies	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project - to be determined	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Project - to be determined	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Expenditures:</b>	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-	\$	-

Revenue over/(under) Expenditures:	\$	-	\$	-	\$	-	\$	3,361	\$21,669	\$19,930	\$	150,217	\$	301,800
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<b>Ending Fund Balance:</b>	\$	-	\$	-	\$	-	\$	3,361	\$25,030	\$44,980	\$	195,177	\$	496,977
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<b>Estimated Impact Fee Reserves in Years*:</b>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	7.45	2.07	9.79	3.31
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\*Note: Maximum equals 6 years

<b>Other Pending Projects</b>	<b>Estimate</b>
Porter Lane: 640 W ~ 800 W	\$ 88,300
Porter Lane: 800 W ~ 850 W	15,200
Porter Lane: 850 W ~ 1100 W	113,900
Pages Lane: 800 W ~ Frontage Road	77,500
Frontage Road: Porter ~ Pages Lane	206,300
Frontage Road: Pages Ln ~ 1400 No.	74,500
Frontage Road: 1400 No. ~ 1200 No.	99,800
Frontage Road: 1200 No. ~ 400 No.	223,600
Frontage Road: 400 No. ~ 400 So.	199,600
300 So. Extension: 1550 W ~ Frontage	149,100
<b>TOTALS:</b>	<b>\$ 1,247,800</b>

**WEST BOUNTIFUL CITY**  
**IMPACT FEE SCHEDULE**  
**Police Facilities Fund**  
**June 30, 2006**

**West Bountiful City Impact Fee Reporting: Police Facilities Fund**

Fiscal Year ending June 30th for the following years:	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
	10	9	8	7	6	5	4	3	2	1	Budget
<b>Revenue:</b>											
Development Impact Fee	\$ -	\$ 8,000	\$ 2,600	\$ -	\$ -	\$ -	\$ 3,111	\$ 13,505	\$ 11,908	\$ 21,447	\$ 34,000
Interest Earned	-	1,163	-	-	-	-	6	145	240	901	1,150
Donations, Grants	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue:</b>	\$ -	\$ 9,163	\$ 2,600	\$ -	\$ -	\$ -	\$ 3,117	\$ 13,650	\$ 12,148	\$ 22,348	\$ 35,150
<b>Expenditures:</b>											
Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Impact Fee/Other Studies	-	-	-	-	-	-	-	-	-	-	-
Project - City Hall Addn Reprmt (CIP Fund)	-	-	-	32,408	-	-	-	-	22,536	-	38,150
<b>Total Expenditures:</b>	\$ -	\$ -	\$ -	\$ 32,408	\$ -	\$ -	\$ -	\$ -	\$ 22,536	\$ -	\$ 38,150
<b>Revenue over/(under) Expenditures:</b>	\$ -	\$ 9,163	\$ 2,600	\$ (32,408)	\$ -	\$ -	\$ 3,117	\$ 13,650	\$ (10,388)	\$ 22,348	\$ (3,000)

<b>Ending Fund Balance:</b>	\$ -	\$ 29,808	\$ 32,408	\$ -	\$ -	\$ -	\$ 3,117	\$ 16,767	\$ 6,379	\$ 28,727	\$ 25,727
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<b>Estimated Impact Fee Reserves In Years*:</b>	N/A	N/A	3.54	-	N/A	N/A	N/A	5.38	0.47	2.36	1.15
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\*Note: Maximum equals 5 years

<b>Other Pending Projects</b>	<b>Estimate</b>
CIP Fund Loan Repayment - Year 1	\$ 37,070
CIP Fund Loan Repayment - Year 2	37,070
CIP Fund Loan Repayment - Year 3	37,070
CIP Fund Loan Repayment - Year 4	37,070
CIP Fund Loan Repayment - Year 5	37,070
CIP Fund Loan Repayment - Year 6	37,070
CIP Fund Loan Repayment - Year 7	37,070
CIP Fund Loan Repayment - Year 8	37,070
CIP Fund Loan Repayment - Year 9	37,070
CIP Fund Loan Repayment - Year 10	37,070
<b>TOTALS:</b>	<b>\$ 370,700</b>

**WEST BOUNTIFUL CITY  
IMPACT FEE SCHEDULE  
Park Development Fund  
June 30, 2006**

**West Bountiful City Impact Fee Reporting: Park Development Fund**

Fiscal Year ending June 30th for the following years: Prior Year.	1997 <sup>10</sup>	1998 <sup>9</sup>	1999 <sup>8</sup>	2000 <sup>7</sup>	2001 <sup>6</sup>	2002 <sup>5</sup>	2003 <sup>4</sup>	2004 <sup>3</sup>	2005 <sup>2</sup>	2006 <sup>1</sup>	2007 <sup>Budget</sup>
<b>Revenue:</b>											
Development Impact Fee	\$ -	\$ 7,400	\$ 2,400	\$ -	\$ -	\$ -	\$ 23,089	\$ 90,858	\$ 79,386	\$ 68,396	\$ 75,000
Interest Earned	41	1,057	-	-	-	-	43	902	3,003	8,687	15,000
Donations, Grants	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue:</b>	\$ 41	\$ 8,457	\$ 2,400	\$ -	\$ -	\$ -	\$ 23,132	\$ 91,760	\$ 82,389	\$ 77,083	\$ 90,000
<b>Expenditures:</b>											
Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Impact Fee/Other Studies	-	-	-	-	-	-	-	-	-	-	-
Projects - Misc Capital Facility Plan	-	-	29,531	-	-	-	-	10,975	919	-	42,000
<b>Total Expenditures:</b>	\$ -	\$ -	\$ 29,531	\$ -	\$ -	\$ -	\$ -	\$ 10,975	\$ 919	\$ -	\$ 42,000
<b>Revenue over/(under) Expenditures:</b>	\$ 41	\$ 8,457	\$ (27,131)	\$ -	\$ -	\$ -	\$ 23,132	\$ 80,785	\$ 81,470	\$ 77,083	\$ 48,000

<b>Ending Fund Balance:</b>	\$ 41	\$ 27,131	\$ -	\$ -	\$ -	\$ -	\$ 23,132	\$ 103,917	\$ 185,387	\$ 262,470	\$ 310,470
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<b>Estimated Impact Fee Reserves in Years*:</b>	N/A	N/A	-	-	N/A	N/A	N/A	4.49	2.02	3.19	4.03
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\*Note: Maximum equals 6 years

<b>Other Pending Projects (&lt;10 Yrs)</b>	<b>Estimate</b>
Restroom Facilities - City Hall Bowery	\$ 31,800
Replace "North-side" Sprinkler System	87,400
Acquire Land - Regional Family Park	968,000
Develop Land - Regional Family Park	1,565,700
Construct 1950 N. Canal Trail System	67,000
Jessi Meadow Nature Preserve Trail Sys	85,100
Construct lower Millcreek Trail System	146,300
Construct upper Millcreek Trail System	250,300
Construct the D&RGW Trail System	173,900
Construct Golf Course Trail System	245,500
Construct Pagas Lane Park Trail System	70,100
<b>TOTALS:</b>	<b>\$ 3,692,100</b>



**WEST BOUNTIFUL CITY**  
**IMPACT FEE SCHEDULE**  
**Storm Drain Fund**  
**June 30, 2006**

**West Bountiful City Impact Fee Reporting: Storm Drain Fund**

Fiscal Year ending June 30th for the following years: Prior Year	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007 Budget
<b>Revenue:</b>											
Development Impact Fee	\$ -	\$ 18,884	\$ 1,967	\$ 1,186	\$ -	\$ 12,940	\$ 28,826	\$ 51,555	\$ 19,139	\$ 7,708	\$ 7,000
Interest Earned	-	3,012	1,000	-	305	800	69	178	1,117	1,922	2,500
Loans from other Funds	-	-	-	-	-	-	-	-	-	-	-
Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-
<b>Total Revenue:</b>	\$ -	\$ 21,896	\$ 2,967	\$ 1,186	\$ 305	\$ 13,740	\$ 28,895	\$ 51,733	\$ 20,256	\$ 9,630	\$ 9,500
<b>Expenditures:</b>											
Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Impact Fee/Other Studies	-	-	-	-	-	-	-	-	-	-	10,000
Loan Repayment	-	-	-	-	-	-	-	-	-	-	-
Projects - Misc Capital Facility Plan	-	-	-	-	-	-	40,164	26,000	23,000	-	57,500
<b>Total Expenditures:</b>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,164	\$ 26,000	\$ 23,000	\$ -	\$ 67,500
Revenue over/(under) Expenditures:	\$ -	\$ 21,896	\$ 2,967	\$ 1,186	\$ 305	\$ 13,740	\$ (11,269)	\$ 25,733	\$ (2,744)	\$ 9,630	\$ (58,000)

<b>Ending Fund Balance:</b>	\$ -	\$ 21,896	\$ 24,863	\$ 26,049	\$ 26,354	\$ 40,094	\$ 28,825	\$ 54,558	\$ 51,814	\$ 61,444	\$ 3,444
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<b>Estimated Impact Fee Reserves In Years*:</b>	N/A	N/A	1.14	2.10	3.04	6.09	3.59	4.74	3.00	3.49	0.21
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\*Note: Maximum equals 6 years

Other Pending Projects (<10 Yrs)	Estimate
Pipe Porter Lane Channel: 640-800 W	\$ 57,200
Install Pipe: Evergreen Cir East of I-15	45,300
Detention Basin: 400 N. Offramp Area	85,200
Improve Drainage: Porter Lane & D&RG	5,000
Connection to Legacy Pkwy System	75,400
Install Pipe: 400 N Pond to "0" North	127,500
800 W Inlet Boxes, 400 ft So. Of Porter	23,600
Pipe Drainage Channel on Pages Lane	30,500
Pipe along D&RGW Tracks 900-700 N	59,700
Improve Porter Lane Drainage Channel	22,700
<b>TOTALS:</b>	<b>\$ 532,100</b>

**WEST BOUNTIFUL CITY**  
**IMPACT FEE SCHEDULE**  
**Water Fund**  
**June 30, 2006**

**West Bountiful City Impact Fee Reporting: Water Fund**

Fiscal Year ending June 30th for the following years:	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Revenue:											
Development Impact Fee	\$ 44,500	\$ 20,511	\$ -	\$ -	\$ -	\$ -	\$ 32,891	\$ 221,364	\$ 207,709	\$ 219,728	\$ 244,950
Interest Earned	-	12,572	7,500	-	1,003	3,983	4,637	5,665	15,112	31,475	47,500
Bond Proceeds	-	-	-	-	-	-	-	-	-	-	-
Total Revenue:	\$ 44,500	\$ 33,083	\$ 7,500	\$ -	\$ 1,003	\$ 3,983	\$ 37,528	\$ 227,029	\$ 222,821	\$ 251,203	\$ 292,450
Expenditures:											
Land Purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Impact Fee/Other Studies	-	-	-	-	-	-	-	-	-	-	-
DEBT SERVICE - Interest	-	53,525	51,275	49,985	47,550	45,895	45,715	41,054	19,304	11,617	14,900
DEBT SERVICE - Principal	-	45,000	50,000	55,000	60,000	65,000	70,000	75,000	80,000	85,000	91,000
Projects - Misc Capital Facility Plan	-	-	-	-	-	-	-	-	-	-	-
Total Expenditures:	\$ -	\$ 98,525	\$ 101,275	\$ 104,985	\$ 107,550	\$ 110,895	\$ 115,715	\$ 116,054	\$ 99,304	\$ 96,617	\$ 105,900
Revenue over/(under) Expenditures:	\$ 44,500	\$ (65,442)	\$ (93,775)	\$ (104,985)	\$ (106,547)	\$ (106,912)	\$ (78,187)	\$ 110,975	\$ 123,517	\$ 154,586	\$ 186,550
Ending Fund Balance:	\$ -	\$ 150,000	\$ 56,225	\$ (48,760)	\$ (155,307)	\$ (262,219)	\$ (340,406)	\$ (229,431)	\$ (105,914)	\$ 48,672	\$ 235,222
Estimated Impact Fee Reserves in Years*:	N/A	3.87	1.70	(2.40)	(11.48)	(25.22)	(37.35)	(16.57)	(2.39)	0.73	2.70
*Note: Maximum equal 5 years											

Other Pending Projects (<10 Yrs)	Estimate
Waterline (10"): Pages Ln 550-800 W	\$ 11,300
Waterline (10"): 400 N 900-975 W	12,200
Waterline (12"): 1199 W 500-300 S	22,700
Waterline (12"): 500 W 100 N-100 S	26,000
Waterline (12"): 1000 N 800-1100 W	70,800
Waterline (12"): 400 N 1450W-Frontage	76,300
Waterline (12"): 200S Frontage-boundary	21,100
Waterline (12"): 400 N 975-1100 W	28,200
Waterline (12"): Frontage, Pages-1200n	54,400
Waterline (10"): 1100w, Porter-Canal	28,200
Waterline (10"): 1950 N Olsen-1100w	11,500
Waterline (16"): 500 S, 500W-Main St	406,400
Waterline (12"): Frontage, 1200-400 N	18,600
Drill Future Well	506,400
TOTALS:	\$ 1,296,100

**WEST BOUNTIFUL CITY**  
**SUPPLEMENTARY REPORTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

**WEST BOUNTIFUL CITY  
SUPPLEMENTARY REPORTS  
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## **Jensen & Keddington, P.C.**

Certified Public Accountants

Jeffrey B. Jensen, CPA  
Gary K. Keddington, CPA  
Brent E. Christensen, CPA  
Jeffrey B. Hill, CPA

### **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and  
Members of the City Council  
West Bountiful City  
West Bountiful City, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Bountiful City, as of and for the year ended June 30, 2006, which collectively comprise West Bountiful City's basic financial statements and have issued our report thereon dated September 1, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered West Bountiful City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect West Bountiful City's ability to record process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying *Schedule of Findings and Recommendations*.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be a material weakness. However, we noted no reportable conditions we consider to be material weaknesses.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether West Bountiful City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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Salt Lake City, Utah 84123

AN INDEPENDENT MEMBER OF BDO SEIDMAN ALLIANCE

We noted certain immaterial instances of noncompliance that we have reported to the management of the City in the accompanying *Schedule of Findings and Recommendations*.

This report is intended for the information and use of the Mayor, City Council and management of West Bountiful City and the Utah State Auditor's Office and is not intended to be and should not be used by anyone other than these specified parties.

*Terrence Keedling*

September 1, 2006



**Jensen & Keddington, P.C.**

Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT  
ON STATE OF UTAH  
LEGAL COMPLIANCE**

Jeffrey B. Jensen, CPA  
Gary K. Keddington, CPA  
Brent E. Christensen, CPA  
Jeffrey B. Hill, CPA

Honorable Mayor and  
Members of City Council  
West Bountiful City  
West Bountiful, Utah

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of West Bountiful City, for the year ended June 30, 2006, and have issued our report thereon dated September 1, 2006. As part of our audit, we have audited West Bountiful City's compliance with the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2006. The City received the following major State assistance program from the State of Utah:

B&C Road Funds (Department of Transportation)  
Liquor Law Enforcement (State Tax Commission)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Public Debt  
Cash Management  
Purchasing Requirements  
Budgetary Compliance  
Truth in Taxation and Property Tax Limitations  
Liquor Law Enforcement  
Justice Courts  
B & C Road Funds  
Other General Compliance Issues  
Uniform Building Code Standards  
Impact Fees  
Asset Forfeiture

The management of West Bountiful City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the *Schedule of Findings and Recommendations*. We considered these instances of noncompliance in forming our opinion, which is expressed in the following paragraph.

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5292 So. College Dr., Suite 101  
Salt Lake City, Utah 84123

AN INDEPENDENT MEMBER OF BDO SEIDMAN ALLIANCE

In our opinion, West Bountiful City complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2006.

*Tensen & Keddington*

September 1, 2006



**WEST BOUNTIFUL CITY**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS (Continued)**  
**For the Fiscal Year Ended June 30, 2006**

**REPORTABLE CONDITIONS**

**SEGREGATION OF DUTIES – JUSTICE COURT**

**Finding**

There is a lack of segregation of duties in the City's Justice Court System. The Court Clerk maintains all the records related to the Court, including the Court's receivables and dismissals of fines. The Court Clerk, at times, receives custody of checks. Therefore, the Court Clerk has access to the payments received through the court as well as the ability to dismiss the receivable. We feel that this lack of segregation of duties has the potential for misappropriation of funds received in the City's Justice Court.

**Recommendation**

We recommend that the City implement internal control procedures to help compensate for the lack of segregation of duties in the accounting of Justice Court transactions.

**Response**

The City will review its current segregation of duties and make necessary changes to remedy this, within current staffing constraints.

**SAFEGUARDING BLANK CHECKS**

**Finding**

During our audit we noted a segregation of duties problem that could lead to a misappropriation of assets. The finance director has access to blank checks, prepares journal entries, and prepares the bank reconciliation. We feel that this lack of segregation of duties has the potential for misappropriation of assets by the finance director.

**Recommendation**

We recommend that the City safeguard blank check stock in a manner that the finance director does not have access to blank check stock.

**Response**

The City will remedy this by placing blank check stock in a locking file cabinet that is inaccessible to the employee.

**STATE LEGAL COMPLIANCE**  
**IMMATERIAL INSTANCES OF NONCOMPLIANCE**

**TREASURER BOND**

**Finding**

During our audit we noted that the City Treasurer is under bonded by approximately \$45,000. The Utah State Code 51-7-15 and Rule 4 of the Money Management Council require that the Treasurer be insured by a fidelity bond for at least 6% of the prior year's budgeted gross revenues. A similar finding was noted in the previous year.

**Recommendation**

We recommend the City monitor and evaluate, on an annual basis, the fidelity bond purchased for the public treasurer of the City, to ensure that adequate insurance is in place.

**Response**

The City will shortly purchase additional fidelity bond insurance to satisfy this requirement immediately.

**WEST BOUNTIFUL CITY**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS (Continued)**  
**For the Fiscal Year Ended June 30, 2006**

**PURCHASING PROCEDURES**

**Finding**

The City's Purchasing Policy states that all purchases over \$100 require a purchase order. We performed a test of cash disbursements, and of the 17 items that were over \$100, we noted 10 instances that the disbursement did not have a purchase order. The City is not following its own purchasing policy and is therefore not in compliance with Utah Code 63-56. A similar finding was noted in the previous year.

**Recommendation**

We recommend that the City closely follow and observe its own policies and procedures.

**Response**

The City will monitor purchases more closely to ensure purchase order compliance. Additionally, the City will review its purchasing policy to make it more streamlined and practical, where possible.

**JUSTICE COURT – SURCHARGE REMITTANCE**

**Finding**

During our audit procedures, we tested the accumulation of surcharges to the monthly collections summary report and then to the monthly amount submitted to the State of Utah, which is required to be received by the 10<sup>th</sup> of the following month according to Utah Code 51-4-2(2)(a). We noted that the report and collections were not remitted to the State by the 10<sup>th</sup> of the following month in 2 of 12 months during the year. A similar finding was noted in the previous year.

**Recommendation**

We recommend the City's Justice Court closely monitor the due date of the reports and remittance required for the State surcharges, to ensure that monies collected are reported and remitted within the State's prescribed guidelines.

**Response**

The City will pay particular attention to paying state surcharges per requirements of existing law.

**NEGATIVE FUND BALANCE**

**Finding**

During our audit we noted that the Redevelopment Agency fund had a negative fund balance of \$27,716. The Utah State Code requires the City to maintain a positive fund balance in all funds.

**Recommendation**

We recommend that the City work to eliminate the negative fund balance to comply with state law.

**Response**

The City will transfer sufficient funds from its general fund to cover this deficit.

**WEST BOUNTIFUL CITY**  
**SCHEDULE OF FINDINGS AND RECOMMENDATIONS (Continued)**  
**For the Fiscal Year Ended June 30, 2006**

**EXPENDITURES IN EXCESS OF BUDGET**

**Finding**

Utah State Code states, "Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriations for any department or fund." The City's expenditures exceeded the budget in the following department and fund:

<u>Fund/Department</u>	<u>Amount Expenditures Exceeded Budget</u>
General Fund	
General government	
Administrative	\$ 44,078
Engineering	8,857
Government buildings	2,826
Public safety	
Police	13,469
Highways and streets	
Streets	2,781
Redevelopment Agency	55,893

**Recommendation**

We recommend the City closely monitor expenditures in all departments and funds to ensure compliance with the Utah State Code.

**Response**

The City will continue to monitor budgetary compliance closely to ensure all departments comply with budget.

Mayor  
James Behunin

# West Bountiful City

City Administrator  
Wendell W. Wild

City Council  
Jay R. Bangerter  
Roy O. Johnson  
Don Lilyquist  
Debbie McKean  
Jeff Tingey

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West Bountiful, Utah 84087

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Recorder/Admin. Assist.  
Beverly Haslam

Chief of Police  
Randy W. Lloyd

March 30, 2007

Office of the State Auditor  
Utah State Capitol Complex  
PO Box 14310  
Salt Lake City, Utah  
84114-2310

Re: Expenditures in excess of Budget

Attention: MacRay Curtis, CPA

Dear Mr. Curtis,

Please accept our apology for the delay in returning this information to you. We have not intended to be delinquent in this serious matter. We have experienced some difficulties with the process of this notice within our organization and did not receive these requests by your organization until very recently.

<u>General Fund Dept.</u>	<u>Contact Person</u>	<u>Amount over Budget</u>
Administrative	Wendell W. Wild	\$ 44,078
Engineering	Wendell W. Wild	8,857
Government Buildings	Wendell W. Wild	2,826
Pubic Safety (Police)	Chief Randy Lloyd	13,469
Streets	Blake Anderson	2,781
RDA	Wendell W. Wild	55,893

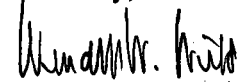
Corrective Action Planned:

For all overages listed above as follows:

- Better overall monitoring of entire budget.
- Better communication with Financial Auditors.  
RE: Accrual changes for one time benefit and other charges.
- Better review of monthly financial statement.

Again, we apologize for this and will make necessary efforts to see that this type of communication error does not happen again. Best wishes from us to you in all that you do on behalf of our community and the State.

Sincerely,

  
Wendell W. Wild  
City Administrator